Search Report from Ginger R. DeMille

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? show files
File 348:EUROPEAN PATENTS 1978-2003/Jun W03
         (c) 2003 European Patent Office
File 349:PCT FULLTEXT 1979-2002/UB=20030619,UT=20030612
         (c) 2003 WIPO/Univentio
? ds

Set     Items   Description
S1       5286   (SELECT? OR PICK? OR CHOOS? OR CLICK? OR IMPLEMENT? OR INV-
             EST? OR DECID? OR BUY? OR BOUGHT)(5N)(PORTFOLIO? OR PORT()FOL-
             IO? OR STOCK? ? OR BONDS OR SECURITIES)
S2        154   (INCOME OR DIVIDEND? ?)(3N)(YIELD? ? OR PROFIT?) OR DIVIDE-
             ND? ?()YIELD? ?
S3          0   (BUYBACK OR BUY()BACK)(3W)RATIO
S4          0   S1 AND S2 AND S3
S5         48   BUYBACK OR BUY()BACK
S6          4   S1 AND S2 AND S5
S7         25   S1 AND S5
? t6/5,k/all
```

6/5,K/1 (Item 1 from file: 349)
DIALOG(R)File 349:PCT FULLTEXT

01000050 **Image available**
MACHINE-IMPLEMENTABLE PROJECT FINANCE ANALYSIS AND NEGOTIATING TOOL SOFTWARE, METHOD AND SYSTEM
LOGICIEL D'OUTIL DE NEGOCIATION ET D'ANALYSE FINANCIERES DE PROJET POUVANT ETRE IMPLEMENTE SUR MACHINE, ET PROCEDE ET SYSTEME CORRESPONDANTS
Patent Applicant/Assignee:
  MAESTLE Wilfried A, 4200 Cathedral Avenue, N.W., Suite 919, Washington, DC 20016, US, US (Residence), US (Nationality)
Legal Representative:
  MCKEOWN James F (agent), Crowell & Moring L.L.P., P.O. Box 14300, Washington, DC 20044-4300, US,
Patent and Priority Information (Country, Number, Date):
  Patent: WO 200330058 A1 20030410 (WO 0330058)
  Application: WO 2001US30716 20011001 (PCT/WO US0130716)
  Priority Application: US 2000676248 20000929; US 2001781964 20010214
Designated States: CA JP
  (EP) AT BE CH CY DE DK ES FI FR GB GR IE IT LU MC NL PT SE TR
Main International Patent Class: G06F-017/60
Publication Language: English
Filing Language: English
Fulltext Availability:
  Detailed Description
  Claims
Fulltext Word Count: 80121

English Abstract
  It is an object of the present invention to provide a project finance analysis and negotiating tool (PFANT). Figure 1 is a schematic of a personal computer. The PFANT allows a non-financial modeler to describe production and marketing in a multi-product, multi-currency environment, enter data without going through a programming exercise, and quantify the financial impact of proposals on the negotiating table during negotiation. The present invention also relates to machine-implemented software that allows parties having interest in a project to undertake a comprehensive financial analysis for negotiating major building projects such as industrial plants and roads. The program product of the present invention may be stored in a storage device of sufficient capacity, run

by a sufficiently fast microprocessor, and have results displayed on a monitor.

French Abstract

L'invention vise a creer un outil de negociation et d'analyse financieres de projet (PFANT) permettant a un modeliseur non financier de decrire la production et la mercatique dans un environnement multi-produits, multi-devises, de saisir des donnees sans executer un exercice de programme, et de quantifier l'impact financier de propositions lors de la negociation. L'invention concerne egalement un outil implemente sur machine permettant a des parties interessees par un projet d'engager une analyse financiere comprehensive pour la negociation de projets de construction importants tels que des installations industrielles et des routes. Le produit de programme selon l'invention peut etre enregistre dans un support d'enregistrement de capacite suffisante, execute par un microprocesseur suffisamment rapide, et les resultats dudit programme peuvent etre affiches sur un ecran.

Legal Status (Type, Date, Text)
Publication 20030410 A1 With international search report.
Publication 20030410 A1 Before the expiration of the time limit for amending the claims and to be republished in the event of the receipt of amendments.

Fulltext Availability:
Detailed Description
Claims

Detailed Description

... using the amount accumulated through the monthly step ups) without the base being touched.

Net **Income**
Profits after taxes.

Net Present Value
Discounted value of future payments.

Net Working Capital
(Current assets...in the context of an off-take contract or of a variable input supply contract.

Profit Margin
Net **Income** /Net Sales
Project start
First month in the project cycle. Start of the ...Equipment Depreciation and reinvestment.

4. Pre-Production Costs Depreciation, no reinvestment.
Do not enter minimum **stocks** of inputs you **buy** for operations as capital costs. Such inputs should be entered under Variable and Fixed Operating...variable or manually designed interest pattern (revenue or specially customized bond) to model market sensitive **bonds** .

To get started, **click** on Loans on the general menu and on Bond on the drop-down menu. The...far).

Example 1: assume the bond has a par value of I 00. You can **buy** **back** the bond for 90 currency units or 90 percent of the par value. Write 90 ...90. You want to retire equal amounts of debt through the call provision and through **buying** **bonds** in the market. As you have two

prices for retirement, enter 85, the weighted average...

Claim
... means includes the step of,
upon entry of the number of units held as minimum **stock** and delivery time, **buying** minimum **stock** on time for delivery at start-up to begin production.

9 The computer program product...

6/5,K/2 (Item 2 from file: 349)
DIALOG(R)File 349:PCT FULLTEXT

00896464
LIQUID INSURANCE CONTRACTS
CONTRATS D'ASSURANCE LIQUIDES
Patent Applicant/Inventor:
VAN SLYKE Oakley E, 243 Avenida La Cuesta, San Clemente, CA 92672-3140, US, US (Residence), US (Nationality)
WHITWORTH Brian L, 3003 Sequit Drive, Malibu, CA 90265, US, US (Residence), US (Nationality)
Legal Representative:
MYERS Richard L (agent), Myers, Dawes & Andreas LLP, Suite 1150, 19900 MacArthur Blvd, Irvine, CA 92612, US,
Patent and Priority Information (Country, Number, Date):
Patent: WO 200229694 A1 20020411 (WO 0229694)
Application: WO 2001US31715 20011005 (PCT/WO US0131715)
Priority Application: US 2000238798 20001006
Designated States: AE AG AL AM AT AU AZ BA BB BG BR BY BZ CA CH CN CO CR CU CZ DE DK DM DZ EC EE ES FI GB GD GE GH GM HR HU ID IL IN IS JP KE KG KP KR KZ LC LK LR LS LT LU LV MA MD MG MK MN MW MX MZ NO NZ PL PT RO RU SD SE SG SI SK SL TJ TM TR TT TZ UA UG UZ VN YU ZA ZW
(EP) AT BE CH CY DE DK ES FI FR GB GR IE IT LU MC NL PT SE TR
(OA) BF BJ CF CG CI CM GA GN GQ GW ML MR NE SN TD TG
(AP) GH GM KE LS MW MZ SD SL SZ TZ UG ZW
(EA) AM AZ BY KG KZ MD RU TJ TM
Main International Patent Class: G06F-017/60
Publication Language: English
Filing Language: English
Fulltext Availability:
Detailed Description
Claims
Fulltext Word Count: 20933

English Abstract
A liquid insurance contract (LIC) comprises a security which is traded or tradable and which has cash flows to the issuer based upon a liability whose exact value is unknown at the time of issuance. A method for creating and trading these LICs, as well as other financial products derived from LICs, may include any of the following steps: writing at least one LIC; preparing regulatory filings for at least two LICs; issuing the two LICs; preparing regulatory fillings for a financial product which includes at least one detachable LIC provision; issuing the financial product; creating at least one underwriter as a closed end fund owned by a parent company; placing ownership of at least a portion of an issue of the financial product in an underwriter owned by a parent company; spinning off the underwriter from the parent company using at least one stock dividend; trading shares of the underwriter; reporting information on trades and positions of the underwriter; and valuing the

underwriter using analytic modelling, sensitivity testing, **portfolio** analysis, and/or **investment** analysis.

French Abstract

L'invention concerne un contrat d'assurance liquide (CAL) incluant un titre echange ou echangeable, et dont les flux de liquidites vers l'emetteur sont fondes sur une dette de reparation dont la valeur exacte est inconnue au moment de l'emission. Un procede de creation et d'echange de ces CAL, ainsi que d'autres produits financiers derives des CAL, peut consister a: rediger au moins un CAL ; preparer des depots reglementaires pour au moins deux CAL ; emettre les deux CAL ; preparer des depots reglementaires pour un produit financier comprenant au moins une clause CAL detachable; emettre le produit financier ; creer au moins un preneur jouant le role de societe d'investissement a capital fixe appartenant a une societe mere ; transferer la propriete d'au moins une partie d'une emission du produit financier a un preneur appartenant a une societe mere ; rendre independante le preneur de la societe mere au moyen d'au moins un dividende en actions ; echanger des actions du preneur; fournir des informations relatives aux transactions et aux positions du preneur; evaluer le preneur au moyen d'une modelisation analytique, d'ùn test de sensibilite, d'une analyse de portefeuille, et/ou d'une analyse d'investissement.

Legal Status (Type, Date, Text)
Publication 20020411 A1 With international search report.
Examination 20021205 Request for preliminary examination prior to end of 19th month from priority date

Fulltext Availability:
Detailed Description

English Abstract

...trades and positions of the underwriter; and valuing the underwriter using analytic modelling, sensitivity testing, **portfolio** analysis, and/or **investment** analysis.

Detailed Description

... therefore,
1
invest. Because the insurers and reinsurers have portfolios of assets as well as **portfolios** of liabilities, the **investors** are interested in the combined asset and liability portfolio of insurers and reinsurers.

Current requirements...the trading prices of shares in Underwriters. Fifthly, it enables Underwriters to raise capital from **investors** by making changes in their **portfolios** transparent to the **investors** .

The invention can be used to create responses to events such as, but not limited...

...that I 0 insurance regulators lmow that insurance contracts can be trusted) and by making **portfolios** transparent (so that **investors** can see their total exposure to one hazard across a range of Underwriters), the invention...underwriter's current shareholders or owners 135, and arbitragers 137. Trading, analytic modeling, sensitivity testing, **portfolio** analysis and **investment** analysis methods are applied by brokers 107, underwriters I 1 7, shareholders 13 5, potential...indexes to include with the LIC. In step 803, one or more detachable exchange-tradable **securities** are **selected** from the 0 bundle of assets, liabilities and/or indexes determined in step 801. The...

...other lease bond or LIC issuances; however, prior to the bond issuance, the issuing company **buys** the exchange-traded **securities** in step 91 1. The process proceeds in a similar manner to sale of other...to an exchange, regulators or its shareholders at 123 1.

Trading, analytic modeling, sensitivity testing, **portfolio** analysis, and **investment** analysis may use information from i nput 1233: economic information, trading information, portfolio management methods...funds can have little or no operating income; they can be primarily valued by their **investment portfolio** . Unlike most mutual fimds, LIC underwriters would have substantial liabilities, or at least potential liabilities...

...privileges; forced sale of Underwriter A assets, such as its membership on the exchange or **investments** in **stocks** and **bonds** ; exchange or regulator takeover of Underwriter A; activation of separate sureties or guarantees for ...company. Many potential buyers of such and LTC would prefer to sell the body shop **stock** and **invest** the proceeds differently. Derivatives might be created which separate the body shop stock from the...acquiring more of said securities as demand warrants. This mechanism is typical of mutual funds **buying** more shares of company **stock** when **investors** provide more money to the fund. A mutualfund for traditional equities handle redemptions of mutual...

...in the aggregator removing underlying investments. Contrary to the cash flows of a mutual fund **investing** in company **stock** ,' an LIC aggregator would shrink its size by accepting money from underwriters to relieve them...such as acquiring another fund, expanding operations, or covering losses. The underwriter 2315 may pay " **profits** or **dividends** " to the shareholders and/or owners 2335. The
51
underwriter may also provide a "return of capital" to the shareholders and/or owners 2335 in forms such as a **stock buyback** , a liquidation dividend, or as part of an underwriter takeover or reorganization.

Filially, the underwriter buys various assets from asset sellers 2337. For example, the underwriter may make an " **investment** " in common **stock** and municipal **bonds** hoping to receive a "return" at a later date.

XXIV. Method Of Removing LICs From...

...insurance companies and reinsurance companies are managers of mutual fhlids or closed end fimds for **investment** in assets, such as **stock** and bonds. Much of this same infrastructure is adaptable for closed end funds specializing in...

...pricing versus estimates of losses or simulations of losses; portfolio analysis of LICs versus asset **portfolio** ; and whether to **invest** in shares of other underwriters. If at least some underwriters can invest in either LICs...

6/5,K/3 (Item 3 from file: 349)

DIALOG(R)File 349:PCT FULLTEXT

00886075

SYSTEM AND METHOD FOR ONLINE VALUATION AND ANALYSIS

SYSTEME ET PROCEDE D'EVALUATION ET D'ANALYSE EN LIGNE

Patent Applicant/Assignee:

Y-MERGE COM LLC, 111 Broadway, 14th floor, New York, NY 10006, US, US

(Residence), US (Nationality), (For all designated states except: US)
Patent Applicant/Inventor:
PAPPAS William, 203 East 72nd Street, Apt. 31, New York, NY 10021, US, US (Residence), US (Nationality), (Designated only for: US)
SZOT Derek, 446 East 88th Street, Apt. 2B, New York, NY 10128, US, US (Residence), US (Nationality), (Designated only for: US)
PIETREWICZ Brian, 1015 Washington Street, Apt. 34, Hoboken, NJ 07030, US, US (Residence), US (Nationality), (Designated only for: US)
QUACKENBUSH Christopher, 95 Lake Road, Manhasset, NY 11030, US, US (Residence), US (Nationality), (Designated only for: US)
Legal Representative:
SPIVAK Kevin R (et al) (agent), Morrison & Foerster, LLP, 2000 Pennsylvania Avenue, N.W., Washington, DC 20006-1888, US,
Patent and Priority Information (Country, Number, Date):
Patent: WO 200219218 A2 20020307 (WO 0219218)
Application: WO 2001US27011 20010831 (PCT/WO US0127011)
Priority Application: US 2000229292 20000901
Designated States: AE AG AL AM AT AU AZ BA BB BG BR BY BZ CA CH CN CO CR CU CZ DE DK DM DZ EC EE ES FI GB GD GE GH GM HR HU ID IL IN IS JP KE KG KP KR KZ LC LK LR LS LT LU LV MA MD MG MK MN MW MX MZ NO NZ PH PL PT RO RU SD SE SG SI SK SL TJ TM TR TT TZ UA UG US UZ VN YU ZA ZW
(EP) AT BE CH CY DE DK ES FI FR GB GR IE IT LU MC NL PT SE TR
(OA) BF BJ CF CG CI CM GA GN GQ GW ML MR NE SN TD TG
(AP) GH GM KE LS MW MZ SD SL SZ TZ UG ZW
(EA) AM AZ BY KG KZ MD RU TJ TM
Main International Patent Class: G06F-017/60
Publication Language: English
Filing Language: English
Fulltext Availability:
Detailed Description
Claims
Fulltext Word Count: 10641

English Abstract

French Abstract

Legal Status (Type, Date, Text)
Publication 20020307 A2 With declaration under Article 17(2)(a); without abstract; title not checked by the International Searching Authority.
Examination 20030530 Request for preliminary examination prior to end of 19th month from priority date

Fulltext Availability:
Claims

Claim
... company are explored. This analysis may farther include analysis of the results of a company **buying** back its **stock** , **buying** the **stock** of other companies, or restructuring the balance sheet, i.e., disposition of assets. (2) Capacity...margin, fees collected, fixed and variable expenses, tax rate, dividend percentage, balance sheet leverage, and **stock** **buyback** policy. The system provides financial performance information by computing, for example, return on equity, internal...

...Assumptions included in the analysis may include, for example, purchase price, accounting treatment, cost savings, **buyer** /target company **stock** price, and **buyer** /target company projected earnings. Further details on the capacity to pay analysis are provided below...assets, return on

equity, margin, costs/revenues, price/earnings, price/tangible book value, market capitalization, **dividend yield** , insider ownership and institutional ownership. Though the particular items
8
compared may depend on the...external' data stores or data feeds of information. This information may include, for example, a **stock** price of a **buyer** or target company, profitability measurements, historical trends, or a cost savings associated with a merger...example, deal consideration, deal pricing, deal accretion, accounting method, amortization period of goodwill, cost savings, **buyer** 's **stock** price, opportunity cost of cash, effective tax rate, deal expenses, earnings estimates/net income projectionsthe exchange ratio is computed by dividing the deal price by the **buyer** 's **stock** price. The system then computes the number of shares that have been issued to the...

...Next, the exchange ratio, if applicable, is computed as the deal price divided by the **buyer** 's **stock** price. From the exchange ratio, the number of shares issued to the target company is...if the user appears to be losing money, the system may suggest that the user **buy back stock** and the system may provide a hypertext link to a strategic partner or an electronic...

6/5,K/4 (Item 4 from file: 349)
DIALOG(R)File 349:PCT FULLTEXT

00510335 **Image available**
METHOD, SYSTEM, AND COMPUTER PROGRAM PRODUCT FOR TRADING INTEREST RATE SWAPS
PROCEDE, SYSTEME ET PRODUIT DE PROGRAMMATION INFORMATIQUE POUR EFFECTUER DES OPERATIONS DE TROCS DE TAUX D'INTERET
Patent Applicant/Assignee:
MOSLER Warren B,
McCAULEY William P,
SHERMAN James M,
Inventor(s):
MOSLER Warren B,
McCAULEY William P,
SHERMAN James M,
Patent and Priority Information (Country, Number, Date):
Patent: WO 9941687 A2 19990819
Application: WO 99US1872 19990212 (PCT/WO US9901872)
Priority Application: US 9874588 19980213; US 98101419 19980922; US 98104400 19981015; US 98209746 19981211
Designated States: AL AM AT AU AZ BA BB BG BR BY CA CH CN CU CZ DE DK EE ES FI GB GD GE GH GM HR HU ID IL IN IS JP KE KG KP KR KZ LC LK LR LS LT LU LV MD MG MK MN MW MX NO NZ PL PT RO RU SD SE SG SI SK SL TJ TM TR TT UA UG UZ VN YU ZW GH GM KE LS MW SD SZ UG ZW AM AZ BY KG KZ MD RU TJ TM AT BE CH CY DE DK ES FI FR GB GR IE IT LU MC NL PT SE BF BJ CF CG CI CM GA GN GW ML MR NE SN TD TG
Main International Patent Class: G06F-017/60
Publication Language: English
Fulltext Availability:
Detailed Description
Claims
Fulltext Word Count: 24415

English Abstract
A method, system, computer program product, and data structure for

trading in which a standardized contract is traded. The contract obligates a buyer and a seller (two of the customers 12, 14, and 16) to settle the contract based on a price of the contract at a first effective date. The contract is traded through an exchange that guarantees payment to the buyer of any amount owed to the buyer from the seller as a result of the contract and that guarantees payment to the seller of any amount owed to the seller from the buyer as a result of the contract. The price of the contract is determined based on preselected notional cash flows discounted by an interest rate swap curve obtained from a preselected swap rate source (18).

French Abstract

L'invention porte sur un procede, un systeme, un produit de programme informatique, et sur une structure de donnees permettant d'effectuer des operations d'echange de contrat standard. Le contrat oblige un acheteur et un vendeur d'etablir le contrat sur une base de prix a une premiere date effective. Le contrat est echange par un central d'echange qui garantit le paiement a l'acheteur d'un montant donne du a l'acheteur par le vendeur conformement au contrat, et qui garantit le paiement au vendeur d'un montant donne du au vendeur par l'acheteur conformement au contrat. Le prix du contrat est determine en fonction de flux monetaires fictifs preselectionnes actualises par une courbe de troc de taux d'interet obtenue a partir d'une source de taux de troc preselectionnee.

Fulltext Availability:
Detailed Description

Detailed Description

... portfolios. Whereas customers often require exact cash flow matching of assets and liabilities in their **investment** **portfolios** , this requirement is rare in the dealer community.
Often corporate bond inventories are hedged by...futures contract.

"Corporate spreads" is an imprecise term used to summarize the yield difference between **investment** -grade corporate **bonds** and their relevant sovereign debt instruments.

"Corporate yield spreads" are the difference in yields between...most recently issued government bond in a particular maturity range.

"Optionality" is the opportunity to **select** one of several different deliverable **bonds** -typically, the cheapest to deliver bond.

The "outright Treasury market" is the over-the-counter...

...loan agreement by which one party sells an asset to another party, but promises to **buy** **back** the asset at a specified time.

The "reset term" is the amount of time between...an example of a par coupon yield curve.

The "yield spread" is the difference in **yield** between two fixed **income** instruments.
A "zero-coupon bond" does not pay interest at periodic intervals; rather, it is...
?

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? show files
File   2:INSPEC 1969-2003/Jun W3
         (c) 2003 Institution of Electrical Engineers
File  35:Dissertation Abs Online 1861-2003/May
         (c) 2003 ProQuest Info&Learning
File  65:Inside Conferences 1993-2003/Jun W4
         (c) 2003 BLDSC all rts. reserv.
File  99:Wilson Appl. Sci & Tech Abs 1983-2003/May
         (c) 2003 The HW Wilson Co.
File 233:Internet & Personal Comp. Abs. 1981-2003/May
         (c) 2003 Info. Today Inc.
File 256:SoftBase:Reviews,Companies&Prods. 82-2003/May
         (c)2003 Info.Sources Inc
File 474:New York Times Abs 1969-2003/Jun 24
         (c) 2003 The New York Times
File 475:Wall Street Journal Abs 1973-2003/Jun 24
         (c) 2003 The New York Times
File 583:Gale Group Globalbase(TM) 1986-2002/Dec 13
         (c) 2002 The Gale Group
? ds

Set     Items   Description
S1      54969   (SELECT? OR PICK? OR CHOOS? OR CLICK? OR IMPLEMENT? OR INV-
             EST? OR DECID? OR BUY? OR BOUGHT)(5N)(PORTFOLIO? OR PORT()FOL-
             IO? OR STOCK? ? OR BONDS OR SECURITIES)
S2       2708   (INCOME OR DIVIDEND? ?)(3N)(YIELD? ? OR PROFIT?) OR DIVIDE-
             ND? ?()YIELD? ?
S3          3   (BUYBACK OR BUY()BACK)(3W)RATIO
S4          0   S1 AND S2 AND S3
S5       8209   BUYBACK OR BUY()BACK
S6          0   S1 AND S2 AND S5
S7       1886   S1 AND S5
S8          3   RD S3 (unique items)
? t8/7/all
```

8/7/1 (Item 1 from file: 2)
DIALOG(R)File 2:INSPEC

01780214 INSPEC Abstract Number: B82003694
Title: Transactions between electric utility and photovoltaic owner
Author(s): Yamayee, Z.A.; Peschon, J.
Author Affiliation: Systems Control Inc., Palo Alto, CA, USA
Journal: International Journal of Electrical Power & Energy Systems vol.3, no.4 p.187-92
Publication Date: Oct. 1981 Country of Publication: UK
CODEN: IEPSDC ISSN: 0142-0615
Language: English Document Type: Journal Paper (JP)
Treatment: Economic aspects (E)
Abstract: Residential customers with surplus photovoltaic energy in excess of their load have the option of either selling that energy or storing it in batteries and consuming it later. Their choice depends on the financial transaction contract that exists between them and the electric utility. The **buy - back ratio** can be used to characterize these financial transactions. The issue of the **buy - back ratio** , its implications, and how it affects the financial transactions are considered. Many factors that affect the **buy - back ratio** are discussed from the electric utility perspective, and a range of buy-back ratios is determined from the utility point of view. Results show that the **buy - back ratio** decreases with penetration of photovoltaic energy. (14 Refs)
Subfile: B

8/7/2 (Item 2 from file: 2)
DIALOG(R)File 2:INSPEC

01751199 INSPEC Abstract Number: B81048959
Title: Financial transactions between the electric utility and the solar photovoltaic system owner
Author(s): Yamayee, Z.A.; Peschon, J.
Author Affiliation: Systems Control, Inc., Palo Alto, CA, USA
Journal: IEEE Transactions on Power Apparatus and Systems vol.PAS-100, no.8 p.3950-8
Publication Date: Aug. 1981 Country of Publication: USA
CODEN: IEPSA9 ISSN: 0018-9510
Language: English Document Type: Journal Paper (JP)
Treatment: Economic aspects (E)
Abstract: Because of the expected increase in conventional technology fuel cost, reduction in the cost of some solar equipment, and other incentives, residential solar photovoltaic (RSPV) energy system as an onsite technology seems a promising technology of the future. Residential customers with surplus solar photovoltaic (SPV) energy in excess of their load have the option of either selling that energy or storing it in batteries and consume it later. Their choice of the option depends on the financial transaction contract between such households and the electric utility. **Buy - back ratio** can be used to characterize the financial transactions between the utility and the SPV owner. This paper addresses the issue of **buy - back ratio** and its implications. It describes how **buy - back ratio** is going to affect the transaction between the SPV owner and the utility. Many components that affect the **buy - back ratio** are discussed from the electric utility perspective. A range of **buy - back ratio** is determined from the utility point of view. (17 Refs)
Subfile: B

8/7/3 (Item 3 from file: 2)
DIALOG(R)File 2:INSPEC

01731996 INSPEC Abstract Number: B81043525
Title: Utility integration issues of residential photovoltaic systems
Author(s): Yamayee, Z.A.; Peschon, J.
Author Affiliation: Systems Control Inc., Palo Alto, CA, USA
Journal: IEEE Transactions on Power Apparatus and Systems vol.PAS-100, no.5 p.2365-73
Publication Date: May 1981 Country of Publication: USA
CODEN: IEPSA9 ISSN: 0018-9510
Language: English Document Type: Journal Paper (JP)
Treatment: Economic aspects (E); General, Review (G)
Abstract: Due to the expected increase in conventional generation fuel and reduction in the cost of solar equipment, solar photovoltaic (SPV) energy systems, as an on-site technology, seem to be a promising technology of the future. Because of the dispersed and intermittent nature of this technology, the interconnection scheme that is most appropriate is a major concern. This paper presents a utility perspective to the issue of integration of this technology. Specifically, three schemes of integration of SPV to the utility are compared: SPV with complete utility buy-back and backup, SPV with utility system storage, and SPV with residential storage. In the cost comparisons, a **buy - back ratio** is not assumed. Instead, the credit to SPV is entirely determined by the cost savings to the

utility. Also, a range of buy-back ratios are calculated using the savings due to SPV integration. (23 Refs)
Subfile: B
?

Search Report from Ginger R. DeMille

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? show files
File 625:American Banker Publications 1981-2003/Jun 25
         (c) 2003 American Banker
File 267:Finance & Banking Newsletters 2003/Jun 23
         (c) 2003 The Dialog Corp.
? ds

Set      Items   Description
S1       42736   (SELECT? OR PICK? OR CHOOS? OR CLICK? OR IMPLEMENT? OR INV-
                EST? OR DECID? OR BUY? OR BOUGHT)(5N)(PORTFOLIO? OR PORT()FOL-
                IO? OR STOCK? ? OR BONDS OR SECURITIES)
S2        1479   (INCOME OR DIVIDEND? ?)(3N)(YIELD? ? OR PROFIT?) OR DIVIDE-
                ND? ?()YIELD? ?
S3           2   (BUYBACK OR BUY()BACK)(3W)RATIO
S4           0   S1 AND S2 AND S3
S5        2329   BUYBACK OR BUY()BACK
S6          28   S1 AND S2 AND S5
S7        1261   S1 AND S5
S8           2   RD S3 (unique items)
S9           0   RD S4 (unique items)
S10         10   S1(S)S2(S)S5
S11          7   S10 NOT PY>2000
S12          3   RD (unique items)
S13          3   RD (unique items)
S14          3   S13 NOT S4
S15          5   S8 OR S13
? t15/3,k/all
```

15/3,K/1 (Item 1 from file: 625)
DIALOG(R)File 625:American Banker Publications

0155379
*** Stocks: With Dow Past 4,000 and Rate Fears Fading, Bank and Thrift Stocks Continue to Climb**
American Banker - February 24, 1995; Pg. 20; Vol. 160, No. 37
WORD COUNT: 586

BYLINE:
By DANIEL KAPLAN

TEXT:
...Salem cited in the sector's favor are low price-to-earnings trading multiples, high **dividend yields** , **stock buyback** programs,
and the pending reduction in Federal Deposit Insurance Corp. premiums.
Money-centers, which have...

15/3,K/2 (Item 2 from file: 625)
DIALOG(R)File 625:American Banker Publications

0150609
North Carolina's LSB Bancshares Mulls Use for Surplus Capital
American Banker - September 27, 1994; Pg. 22; Vol. 159, No. 186
WORD COUNT: 287

TEXT:
...that it may use the excess for a small
acquisition, branch expansions, or a stock **buyback** .

LSB's capital **ratio** of 13% outdoes its peers in North Carolina, many of which maintain capital levels of...

15/3,K/3 (Item 1 from file: 267)
DIALOG(R)File 267:Finance & Banking Newsletters

04558179
Texas Utilities Line Up In The Shute For The ABS Rodeo
Shane Kite
Asset Sales Report
November 8,1999 DOCUMENT TYPE: NEWSLETTER
PUBLISHER: SECURITIES DATA PUBLISHING
LANGUAGE: ENGLISH WORD COUNT: 445 RECORD TYPE: FULLTEXT

TEXT:
...our regulatory assets through the retirement of debt or equity," Moseley said. "We plan to **buy back** both in the **ratio** of our current capital structure."
This means TXU will take a portion of the cash...

15/3,K/4 (Item 2 from file: 267)
DIALOG(R)File 267:Finance & Banking Newsletters

00027453
Leveraging Shareholder Happiness: Does this Make Sense: Add Debt, Cut Dividends and Have Grateful Shareholders?
Matthew Greco
Investor Relations Business
June 16,1997 DOCUMENT TYPE: NEWSLETTER
PUBLISHER: SECURITIES DATA PUBLISHING
LANGUAGE: ENGLISH WORD COUNT: 1120 RECORD TYPE: FULLTEXT

TEXT:
...income, 39.6%.
For the corporation, the Dutch auction allows the company to accelerate its **buyback** program at a much quicker rate than open market purchases.
"Our institutional holders thought it...

...borrowed $400 million, lowered its dividend and held a Dutch auction to allow its serious **income** investors an easy, **profitable** way out, said Jennifer Kent, IPALCO's director of IR.
The larger purpose behind the...shareholders did sell, Kent said, but there has not been a major exodus of retail **investors** , according to a **stock** watch firm IPALCO hired to assess shareholder reaction.
The rating agencies also liked IPALCO's...

...last September leveraged itself up $1.1 billion to support a $2.5 billion share **buyback** plan, $1.2 billion through a Dutch auction.
As with others, Campbell's cash flow...

15/3,K/5 (Item 3 from file: 267)

DIALOG(R)File 267:Finance & Banking Newsletters

00026063
Let's Go Dutch: Making Shareholders Happy Through Leverage
Matthew Greco
Mergers & Restructuring
June 9,1997 DOCUMENT TYPE: NEWSLETTER
PUBLISHER: SECURITIES DATA PUBLISHING
LANGUAGE: ENGLISH WORD COUNT: 996 RECORD TYPE: FULLTEXT

TEXT:
...dividend income, 39.6%.

For the corporation, the DA allows the company to accelerate its **buyback** program at a much quicker rate than open-market purchases.

"Our institutional holders thought it...

...has borrowed $400 million, lowered its dividend and held a DA to allow its serious **income** investors an easy, **profitable** way out, said Jennifer Kent, IPALCO's director of IR.

The larger reason behind the...large institutional shareholders did sell, but there has not been a major exodus of retail **investors** , according to a **stock** watch firm IPALCO hired to assess shareholder reaction.

The rating agencies also liked IPALCO's...

...last September leveraged itself up $1.1 billion to support a $2.5 billion share **buyback** plan, $1.2 billion through a DA.

As with others, Campbell's cash flow will...

?

```
? show files
File  13:BAMP 2003/Jun W1
         (c) 2003 Resp. DB Svcs.
File  75:TGG Management Contents(R) 86-2003/Jun W3
         (c) 2003 The Gale Group
? ds

Set     Items   Description
S1      20453   (SELECT? OR PICK? OR CHOOS? OR CLICK? OR IMPLEMENT? OR INV-
             EST? OR DECID? OR BUY? OR BOUGHT)(5N)(PORTFOLIO? OR PORT()FOL-
             IO? OR STOCK? ? OR BONDS OR SECURITIES)
S2       2557   (INCOME OR DIVIDEND? ?)(3N)(YIELD? ? OR PROFIT?) OR DIVIDE-
             ND? ?()YIELD? ?
S3          0   (BUYBACK OR BUY()BACK)(3W)RATIO
S4          0   S1 AND S2 AND S3
S5       1122   BUYBACK OR BUY()BACK
S6         28   S1 AND S2 AND S5
S7        604   S1 AND S5
S8          0   RD S3 (unique items)
S9          0   RD S4 (unique items)
S10         1   S1(S)S2(S)S5
S11         0   S10 NOT PY>2000
S12         0   RD (unique items)
S13         0   RD (unique items)
S14         0   S13 NOT S4
S15         0   S8 OR S13
? t10/3,k/all
```

10/3,K/1 (Item 1 from file: 13)
DIALOG(R)File 13:BAMP

1213892 Supplier Number: 02965100 (USE FORMAT 7 OR 9 FOR FULLTEXT)
The Death of the Risk Premium - Part 1 of 2
(If pension funds lack a positive risk premium, actuarial return assumptions may be too optimistic, which has far-reaching implications for pension asset management)
Article Author(s): Arnott, Robert D; Ryan, Ronald J
Journal of Portfolio Management, v 27, n 3, p 61-74
Spring 2001
DOCUMENT TYPE: Journal ISSN: 0095-4918 (United States)
LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 5204

(USE FORMAT 7 OR 9 FOR FULLTEXT)

TEXT:
...payout ratios, real dividend growth would have been barely above 1% per year.

Don't **stock buy** -backs supplant dividends, making the dividend growth both understated and irrelevant? This view is partly correct, but companies cannot sustainably spend more than 100% of earnings on **stock buy** -backs. If **stocks** are priced at 30X earnings, then 100% of earnings will suffice to **buy back** only 3.3% of the outstanding stock. If companies are paying a **dividend yield** of 1.2%, on average, then the average company can **buy back** only 2.1% of the outstanding stock with 100% of the retained earnings. Of course, no company can be expected to spend 100% of retained earnings on **stock buy** -backs, so this represents an upper bound on the potential hidden yield in **stock buy** -backs.

Search Report from Ginger R. DeMille

Why can't the future deliver faster real GDP growth than the past? And...
?

```
? show files
File  15:ABI/Inform(R) 1971-2003/Jun 21
         (c) 2003 ProQuest Info&Learning
File  16:Gale Group PROMT(R) 1990-2003/Jun 24
         (c) 2003 The Gale Group
File 148:Gale Group Trade & Industry DB 1976-2003/Jun 24
         (c)2003 The Gale Group
File 160:Gale Group PROMT(R) 1972-1989
         (c) 1999 The Gale Group
File 275:Gale Group Computer DB(TM) 1983-2003/Jun 25
         (c) 2003 The Gale Group
File 621:Gale Group New Prod.Annou.(R) 1985-2003/Jun 24
         (c) 2003 The Gale Group
File   9:Business & Industry(R) Jul/1994-2003/Jun 24
         (c) 2003 Resp. DB Svcs.
File  20:Dialog Global Reporter 1997-2003/Jun 25
         (c) 2003 The Dialog Corp.
File 476:Financial Times Fulltext 1982-2003/Jun 25
         (c) 2003 Financial Times Ltd
File 610:Business Wire 1999-2003/Jun 25
         (c) 2003 Business Wire.
File 613:PR Newswire 1999-2003/Jun 25
         (c) 2003 PR Newswire Association Inc
File 634:San Jose Mercury  Jun 1985-2003/Jun 24
         (c) 2003 San Jose Mercury News
File 636:Gale Group Newsletter DB(TM) 1987-2003/Jun 23
         (c) 2003 The Gale Group
File 810:Business Wire 1986-1999/Feb 28
         (c) 1999 Business Wire
File 813:PR Newswire 1987-1999/Apr 30
         (c) 1999 PR Newswire Association Inc
? ds

Set     Items   Description
S1    1929323   (SELECT? OR PICK? OR CHOOS? OR CLICK? OR IMPLEMENT? OR INV-
             EST? OR DECID? OR BUY? OR BOUGHT)(5N)(PORTFOLIO? OR PORT()FOL-
             IO? OR STOCK? ? OR BONDS OR SECURITIES)
S2    1115166   (INCOME OR DIVIDEND? ?)(3N)(YIELD? ? OR PROFIT?) OR DIVIDE-
             ND? ?()YIELD? ?
S3         56   (BUYBACK OR BUY()BACK)(3W)RATIO
S4          2   S1 AND S2 AND S3
S5     186902   BUYBACK OR BUY()BACK
S6       5555   S1 AND S2 AND S5
S7      68034   S1 AND S5
S8         49   RD S3 (unique items)
S9          2   RD S4 (unique items)
S10       169   S1(S)S2(S)S5
S11       101   S10 NOT PY>2000
S12        70   RD (unique items)
S13        70   RD (unique items)
S14        70   S13 NOT S4
? t14/3,k/all
```

14/3,K/1   (Item 1 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

02066894 60925964
Hedging Your Bets
Gorham, John
Forbes PP: P330 Jun 12, 2000

ISSN: 0015-6914 JRNL CODE: FBR
WORD COUNT: 1144

...TEXT: 120 at expiration, the stock will be called away from you, unless, prior to your **stock** being assigned, you **buy back** the call. If IBM **stock** at expiration ends up below $120, the call option expires worthless and the $2.63 is pure **profit** . That extra **income** effectively lowers the cost basis for the original **stock investment** in IBM to $92.38, offering a limited cushion against a price decline.

When should

14/3,K/2 (Item 2 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

02005455 52036002
The long-term outlook for stocks: Interview with Peter Diamond
Anonymous
Challenge v43n2 PP: 6-16 Mar/Apr 2000
ISSN: 0577-5132 JRNL CODE: CHL
WORD COUNT: 3298

...TEXT: the dividend paid. It also includes an adjustment if companies buy back shares.

A. Yes. **Dividend yield** is actually a bit of a misnomer because it is really the cash flow coming out of **stocks** --to **investors** --in the aggregate, and some of that flow comes from share repurchases as well as from dividends. If you **buy back** shares, investors benefit because there are fewer outstanding over which earnings are spread. And now...

14/3,K/3 (Item 3 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01801820 04-52811
Olin plans buyback to lift stock price
Nielsen, Karol
Chemical Week v161n12 PP: 14 Mar 31, 1999
ISSN: 0009-272X JRNL CODE: CEM
WORD COUNT: 236

...TEXT: debt is estimated at just $70 million," Ravitz says. "We are confident that management will **buy back** a good chunk of **stock** even with poor current earnings because of an underleveraged balance sheet, especially now that borrowing costs are significantly lower than the current **dividend yield** of 8%."

During the fourth quarter of 1998, Olin repurchased 1.28 million shares of ...

14/3,K/4 (Item 4 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01738823 03-89813

Go for the cash
Dorfman, John
Canadian Business v71n19 PP: 30-32 Nov 27, 1998
ISSN: 0008-3100 JRNL CODE: CB

...ABSTRACT: is better for a company to plow extra profits back into the business, or to **buy back** its own **stock** . At this point, the conventional wisdom has become a quasi religious assertion. The piddling **dividend yields** prevailing today are testimony to how thoroughly investors have swallowed the conventional wisdom - and also...

14/3,K/5 (Item 5 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01567534 02-18523
The hidden option cost
Celarier, Michelle
Euromoney n342 PP: 12-14 Oct 1997
ISSN: 0014-2433 JRNL CODE: ERM
WORD COUNT: 1162

...TEXT: top executives, while Shulman estimates this at up to 80%.

McManus says his position on **stock buy** -backs has changed dramatically since 1994. Then, he was one of the first strategists to argue that because of the popularity of share buy-backs, low **dividend yields** could no longer be counted on to stop us stocks soaring in price. Companies were...

... way they paid shareholders. Instead of using cash to raise dividends, they used it to **buy back stock** , ramping up the price by limiting supply.

Indeed, companies often borrowed to buy back these...

14/3,K/6 (Item 6 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01360496 00-11483
Speaking of dividends: Big week for holders of two big banks
Lazo, Shirley A
Barron's v77n4 PP: 42 Jan 27, 1997
ISSN: 1077-8039 JRNL CODE: BAR

...ABSTRACT: which last Monday confirmed its purchase of First USA, at the same time announced record **profits** , a 12% **dividend** hike and a **stock buyback** .

14/3,K/7 (Item 7 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01337290 99-86686
The incredible, death-defying stock market: Love it and fear it
Wyatt, John
Fortune v134n12 PP: 110-118; European 58-65 Dec 23, 1996

ISSN: 0015-8259 JRNL CODE: FOR
WORD COUNT: 2819

...TEXT: have been putting together in three years of R&D."

As for the dividend yield, **stock buyback** plans have become the preferred method of paying shareholders, which makes the yield nearly useless...

14/3,K/8 (Item 8 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01231144 98-80539
Stock market valuation indicators: Is this time different?
Cole, Kevin; Helwege, Jean; Laster, David
Financial Analysts Journal v52n3 PP: 56-64 May/Jun 1996
ISSN: 0015-198X JRNL CODE: FIA
WORD COUNT: 2949

...TEXT: raise the dividend to $1.25 or use the additional 25 cents a share to **buy back** its own **stock** . If the firm raises its dividend, shareholders will have to pay taxes on the proceeds. If, however, the firm repurchases its stock in the open market, only those shareholders who **choose** to sell their **stock** will pay taxes. The net result is that shareholders as a whole will pay less...

... have become more aware of the tax consequences for share repurchases. They argue that current **dividend yields** are understated on a historic basis because aggregate dividends fail to reflect fully the total...

... is only slightly above the levels observed throughout the 1960s and early 1970s, assuming that **buyback** activity then was minimal.
This upward adjustment to the dividend series is overly generous. Although ...

14/3,K/9 (Item 9 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01170523 98-19918
Five top funds that have a golden touch
Brush, Michael
Money v25n3 PP: 93 Mar 1996
ISSN: 0149-4953 JRNL CODE: MON
WORD COUNT: 726

...TEXT: stock, 20-bond portfolio. Another key is excess cash flow that's being used to **buy back stock** or **invest** in new, highly profitable businesses. Finally, Carlson, who has run the fund on his own...

...including $90 million Town & Country Trust (11.4% yield) and $20 billion Dime Bancorp (no **yield**).

Vanguard Wellesley **Income**

AT $7 BILLION WELLESLEY, INCOME IS JOB ONE: ITS 60%-TO40% mix of bonds and ...

14/3,K/10 (Item 10 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01148472 97-97866
Angry shareholders can make you rich
Kuhn, Susan E
Fortune v133n2 PP: 130-131; European 70-71 Feb 5, 1996
ISSN: 0015-8259 JRNL CODE: FOR
WORD COUNT: 925

...TEXT: lift the stock by more than 40%. The directors also kicked off another $1 billion **stock buyback** plan. A new pairing between Kerkorian and his chief strategist, former Chrysler CFO Jerome York, is calling for more **stock buybacks** . Whether or not Kerkorian, who controls 13.6% of the shares, wins a seat on...

... should further lift the stock, now $53.13, and maintain, or better, the 4.5% **dividend yield** .

The weirdest configuration of unhappy shareholders involves priests and brothers from the Glenmary and Maryknoll...

14/3,K/11 (Item 11 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01077073 97-26467
7 things you need to know about this stock market
Kuhn, Susan E
Fortune v132n4 PP: 62-66; European 36-40 Aug 21, 1995
ISSN: 0015-8259 JRNL CODE: FOR
WORD COUNT: 3235

...TEXT: yield is 2.6%, the lowest since 1906. Bulls say companies are using cash to **buy back stock** instead, a trend now at record levels. In short, earnings are the only sustenance for...

14/3,K/12 (Item 12 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01075560 97-24954
UAW steps into the Yokich era
Anonymous
Ward's Auto World v31n7 PP: 27 Jul 1995
ISSN: 0043-0315 JRNL CODE: WAW
WORD COUNT: 290

...TEXT: of the walk-out. In that time Caterpillar has suffered five straight quarters of record **profits** , boosted its **dividend** for the third time in a year and plans to **buy back** 10% of its **stock** .

The injury is that the UAW helped create a live model for enterprises interested in...

14/3,K/13 (Item 13 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

00992662 96-42055
Speaking of dividends: Morgan Stanley lifts its quarterly payout
Lazo, Shirley A
Barron's v75n10 PP: 45 Mar 6, 1995
ISSN: 0005-6073 JRNL CODE: BAR

...ABSTRACT: forecasts, reporting 80 cents a share against an estimated 69 cents. Morgan also sweetened its **stock buyback** program and raised its quarterly common dividend from 30 to 32 cents a share. Morgan...

...shares to 15 cents from 13 3/4 cents. That translates into a 8.3% **dividend yield** .

14/3,K/14 (Item 14 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

00901815 95-51207
Firms that invest in themselves promise big profits
Sivy, Michael
Money v23n9 PP: 60-62+ Sep 1994
ISSN: 0149-4953 JRNL CODE: MON
WORD COUNT: 1393

...TEXT: per share (assuming that the company earns more on its equity than it could by **investing** extra cash in **bonds** , for instance, which is typically the case). Buybacks also tend to increase book value per share, another measure that many **investors** rely on. Further, if the **stock** has a high current **yield** , money saved on **dividends** helps to pay for the **buyback** .

MONEY talked with a dozen value-oriented money managers to find companies buying back their...

14/3,K/15 (Item 15 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

00831182 94-80574
Bill-bashing plays
Leibowitz, David S
Financial World v163n6 PP: 95 Mar 15, 1994
ISSN: 0015-2064 JRNL CODE: TWO
WORD COUNT: 735

...TEXT: annual growth in earnings per share over the next several years, contingent upon fulfilling the **stock buy back** program and a continuation of low interest rates. Earnings estimates range from $5.45 to ...

...barely 8.4 times this year's projected earnings, and the $1.40 per-share **dividend** payout **yields** 3%.

The cloud overhanging American Home Products is the misfortune of its participation in the...

14/3,K/16 (Item 16 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

00821067 94-70459
Searching for value as the Dow towers
Kuhn, Susan E
Fortune v129n5 PP: 36; Asian 79; European 79 Mar 7, 1994
ISSN: 0015-8259 JRNL CODE: FOR
WORD COUNT: 801

...TEXT: that are taking place. With liquid cash, companies can take steps to increase the dividend, **buy back stock**, pay off debt, or make acquisitions. Then we look for companies with at least three of six catalysts for change: a positive future earnings trend, high **dividend yield**, an announced **stock buyback** program, high levels of inside ownership, an announced restructuring, or a private market value that...

14/3,K/17 (Item 17 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

00562141 91-36495
Waltzing with Sallie Mae
Zipser, Andy
Barron's v71n30 PP: 32-33 Jul 29, 1991
ISSN: 0005-6073 JRNL CODE: BAR

...ABSTRACT: a year. Per-share earnings have climbed steadily, reaching $2.96 in 1990. While the **dividend yield** is minimal (now at 1.3%), the payout ratio has been climbing and is expected...

... continue to grow, as does Sallie Mae's market share, already at 40%. An aggressive **stock buyback** program has greatly enhanced shareholder value. ...

14/3,K/18 (Item 1 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)

07895591 Supplier Number: 65952081 (USE FORMAT 7 FOR FULLTEXT)
Reviving the Rails.(railroad securities)
WILNER, FRANK N.
Traffic World, v264, n2, p37
Oct 9, 2000
Language: English Record Type: Fulltext
Document Type: Magazine/Journal; Trade
Word Count: 1577

... time," said Hatch, contrasting high-flying share prices of dot-coms that never earned a **profit** and pay no **dividends** with the depressed share prices of established railroads that have a reliable customer base and pay **dividends** that **yield** about 5 percent. Alas, railroads are out of favor in the investment community and Hatch...

...if new investors stay away, the railroads will be forced by impatient and disgruntled current **investors** to hike dividends or increase stock **buy - back** programs, which would divert cash that otherwise would fund capital investments.

Reduced capital spending budgets...

14/3,K/19 (Item 2 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)

07655058 Supplier Number: 63768278 (USE FORMAT 7 FOR FULLTEXT)
TEXAS MGR. BULLISH ON GINNIES.
BondWeek, v20, n25, p6
June 19, 2000
Language: English Record Type: Fulltext
Document Type: Newsletter; Trade
Word Count: 170

(USE FORMAT 7 FOR FULLTEXT)
TEXT:
...pass-throughs, which underperformed during the first quarter as the Treasury market rallied from the **buyback** . Mark Freeman, a **portfolio** manager who oversees some $500 million in fixed **income** , took **profits** on an equal amount of 20-year-plus Treasuries that had gained since January, on...

14/3,K/20 (Item 3 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)

07556633 Supplier Number: 63320868 (USE FORMAT 7 FOR FULLTEXT)
A Time to Sell (Bonds): Banks Remix Holdings.(Brief Article)
Agosta, By Veronica
American Banker, v165, n132, p1
July 12, 2000
Language: English Record Type: Fulltext
Article Type: Brief Article
Document Type: Magazine/Journal; Trade
Word Count: 661

(USE FORMAT 7 FOR FULLTEXT)
TEXT:
As **profits** from fixed- **income** investments continue to shrink in the current interest rate environment, some community and regional banks...

...redeploying the proceeds in better-yielding investments. Though statistics on the number of banks restructuring **investment portfolios** are difficult to obtain, anecdotal evidence shows that the trend has picked up as interest...

...to take advantage of higher interest rates by selling Ginnie Maes yielding 6.5% and **buying** the same mortgage-backed **securities** with a 7.5% return. "Dollar for dollar, we went back into the same pool...

...almost 20% of its assets -- so that it could pay down short-term debt and **buy back** some of its **stock** . Hudson United, with $9.3 billion of assets, will take a charge of $42 million...

...the future. He also agreed that now is a particularly good time to restructure because **investors** are less interested in bank **stocks** than they were a couple of years ago. In this environment, he said, banks could announce large losses relating to **investment** **portfolios** and many **investors** would not even notice. "While the current stock market is turning a blind eye to...

14/3,K/21 (Item 4 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)

07222701 Supplier Number: 61521461
IRELAND: ARDAGH GLASSMAKER PLANS SHARE BUY-BACK.
Irish Times, p16
April 13, 2000
Language: English Record Type: Abstract
Document Type: Newspaper; Trade

ABSTRACT:
Glassmaker Ardagh is planning a share **buyback** to support its share price that has fallen sharply. Ardagh also announced results for the...

...acquisition of British glass group Rockware investors have moved out of small and mid-capitalisation **stocks** . Ardagh now plans to **buy** **back** EUR 4mn worth of shares at a price of EUR 1.61 each compared to...

...EUR 1.40. Ardagh believes the group is undervalued at its current price based on **dividend** and earnings **yield** .

14/3,K/22 (Item 5 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)

06745061 Supplier Number: 56647599 (USE FORMAT 7 FOR FULLTEXT)
Provident Bankshares Corporation Announces 16% Increase in EPS for the 1999 Third Quarter.
PR Newswire, p4691
Oct 20, 1999
Language: English Record Type: Fulltext
Document Type: Newswire; Trade
Word Count: 2105

... bank customers and expanding these relationships provides another avenue for Provident to increase non-interest **income** .
Conclusion
Provident Bankshares **profitability** ratios ...increase from 2.93% for the 1998 comparable quarter. Provident also continues to utilize its **stock** **buyback** authority to strategically purchase shares in the open market to enhance stockholder value. As of...

...1999, the Corporation had repurchased 398,200 shares, and had remaining authority in the present **buyback** program to repurchase up to 826,800 shares of common stock after having purchased 35...

14/3,K/23 (Item 6 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)

05975319 Supplier Number: 53273787 (USE FORMAT 7 FOR FULLTEXT)
Stull, Stull & Brody Announces Class Action Against U.S. Office Products Co.
Business Wire, p1283
Nov 26, 1998
Language: English Record Type: Fulltext
Document Type: Newswire; Trade
Word Count: 657

... substantial portion of his U.S. Office Products stock at a premium to an inflated **stock** price through a corporate **buyback** . The defendants knew at the time they were touting U.S. Office Products' consistently improving margins and earnings that the contemplated **buyback** (and the spin-off of certain of U.S. Office Products' divisions), both of which...

...Office Products had been able to sustain its purportedly strong financial performance. Once the planned **buyback** was announced, U.S. Office Products was required to restate 22 pooling transactions, which were ...

...ended July 26, 1997 and Oct. 25, 1997, respectively, and to reduce materially its gross **profit** and **income** for those quarters. The **buyback** and spinoff also impact negatively U.S. Office Products' earnings going forward as well as...

...made with U.S. Office Products stock. Ledecky received more than $25 million in the **buyback** . Unlike the investing public who paid inflated market prices for their stock during the Class...

14/3,K/24 (Item 7 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)

05916227 Supplier Number: 53144768 (USE FORMAT 7 FOR FULLTEXT)
REPEAT/Class Action Filed Against Jonathan Ledecky, U.S. Office Products Co., and Sands Brothers & Co., Ltd.
Business Wire, p1209
Oct 29, 1998
Language: English Record Type: Fulltext
Document Type: Newswire; Trade
Word Count: 529

... cash out a substantial portion of his USOP stock at a premium to an inflated **stock** price through a corporate **buyback** . The defendants knew at the time they were touting USOP's consistently improving margins and earnings that the contemplated **buyback** (and the spin-off of certain of USOP's divisions), both of which were disguised...

...which USOP had been able to sustain its purportedly strong financial performance. Once the planned **buyback** was announced, USOP was required to restate 22 pooling transactions, which were completed in the...

...ended July 26, 1997 and Oct. 25, 1997, respectively, and to reduce materially its gross **profit** and income for those quarters. The **buyback** and spin-off also impact negatively USOP's earnings going forward as well as USOP...

...for future acquisitions made with USOP stock. Ledecky received more than $25 million in the **buyback** . Unlike the investing public who paid inflated market prices for their stock during the Class...

14/3,K/25 (Item 8 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)

05916219 Supplier Number: 53144757 (USE FORMAT 7 FOR FULLTEXT)
Class Action Filed Against Jonathan Ledecky, U.S. Office Products Co., and Sands Brothers & Co., Ltd.
Business Wire, p1200
Oct 29, 1998
Language: English Record Type: Fulltext
Document Type: Newswire; Trade
Word Count: 530

... cash out a substantial portion of his USOP stock at a premium to an inflated **stock** price through a corporate **buyback** . The defendants knew at the time they were touting USOP's consistently improving margins and earnings that the contemplated **buyback** (and the spin-off of certain of USOP's divisions), both of which were disguised...

...which USOP had been able to sustain its purportedly strong financial performance. Once the planned **buyback** was announced, USOP was required to restate 22 pooling transactions, which were completed in the...

...ended July 26, 1997 and Oct. 25, 1997, respectively, and to reduce materially its gross **profit** and **income**0 for those quarters. The **buyback** and spin-off also impact negatively USOP's earnings going forward as well as USOP...

...for future acquisitions made with USOP stock. Ledecky received more than $25 million in the **buyback** . Unlike the investing public who paid inflated market prices for their stock during the Class...

14/3,K/26 (Item 9 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)

05533051 Supplier Number: 48385586 (USE FORMAT 7 FOR FULLTEXT)
Chukyo Bank Posts First Reds
Comline-Tokyo Financial Wire, pN/A
March 30, 1998
Language: English Record Type: Fulltext
Document Type: Newswire; Trade
Word Count: 177

(USE FORMAT 7 FOR FULLTEXT)
TEXT:
Chukyo Bank <8530> has downwardly revised current **profit** /loss and net **income** /loss for the March 1998 term. Initially, the bank expected a current profit of 2...

...rules of incorporation at the June general shareholders' meeting to allow the issue of preferred **stock** and a **buy - back** of bank shares. The bank should return to the black for the March 1999 fiscal...

14/3,K/27 (Item 10 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)

04778277 Supplier Number: 47033555 (USE FORMAT 7 FOR FULLTEXT)
Growing Up Is Hard To Do
Vogelstein, Fred
PC Week, pA04
Jan 13, 1997
Language: English Record Type: Fulltext
Document Type: Magazine/Journal; Tabloid; General Trade
Word Count: 572

... in December that it hopes to issue $1 billion of convertible preferred stock with a **dividend yield** of approximately 2.75 percent. Microsoft wanted to raise the cash to **buy back** some of its common **stock** for use in issuing stock options to employees. The offering is expected to take place...

14/3,K/28 (Item 11 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)

02712883 Supplier Number: 43626677
Amgen, Inc - Company Report
Markintel Master, p1-24
Feb 1, 1993
Language: English Record Type: Abstract
Document Type: Magazine/Journal; Trade

ABSTRACT:
...of $98 million. In 1H:92, Amgen had already exceeded its entire year 1991 net **income** . Amgen's **profit** margin (net **income** as percentage of revenues) for 1H:92 (28%) is higher than any other drug company...

...and a number of subsequent options for using this cash. One program that has been **implemented** is a **stock buyback** program.
Tables in report: Financing Activity 1989-91; Product Development Pipeline; Worldwide Pharmaceutical/Diagnostic Sales...

14/3,K/29 (Item 12 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)

01316495 Supplier Number: 41546930
Stanley Works (the) - Company Report
Investext, p1-2
Sept 11, 1990
Language: English Record Type: Abstract
Document Type: Magazine/Journal; Trade

ABSTRACT:
...the company increased its dividend rate by 12% (the 23rd consecutive annual increase) raising the **dividend yield** to about 4%, and announced a **stock buy - back** program of up to 3 million shares, about 7% of the total outstanding.
Tables in...

14/3,K/30 (Item 1 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

13390096 SUPPLIER NUMBER: 57241732 (USE FORMAT 7 OR 9 FOR FULL TEXT)
Psychemedics Corporation Reports 39th Consecutive Comparative Quarter of Record Revenue; Company also Announces Dividend.
PR Newswire, 7317
Nov 4, 1999
LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 684 LINE COUNT: 00069

... from $.02 in 1997 to $.03 in 1998 and again to $.04 in 1999. The **dividend** currently represents a **yield** of 3.6% based on a closing price of $4.50 on November 3, 1999. The Company has continued to purchase shares in the market under its previously announced **stock** **buyback** program.
Raymond C. Kubacki, C.E.O. said, "While we're pleased to be able...

14/3,K/31 (Item 2 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

11580102 SUPPLIER NUMBER: 20441174 (USE FORMAT 7 OR 9 FOR FULL TEXT)
Mad, mad markets: the Dow nears 9000 and investment rules bite the dust.
Pethokoukis, James M.
U.S. News & World Report, v124, n13, p62(2)
April 6, 1998
ISSN: 0041-5537 LANGUAGE: English RECORD TYPE: Fulltext; Abstract
WORD COUNT: 1494 LINE COUNT: 00116

... their risk.
Forty years later, dividends again seem to be flashing a warning sign. The **dividend** **yield** on the S&P 500 is currently at 1.44 percent. An investment rule of thumb says that whenever the **dividend** **yield** drops below 3 percent, the market is facing trouble. But that happened five years ago and **stocks** have just kept climbing. **Investors** seem to have completely ignored the market's low **dividend** **yield** --and with good reason: As in the 1950s, investor behavior has helped make a traditional...

...income such as dividends more harshly than gains from capital appreciation, which occurs when a **stock** rises. So, many **investors** prefer returns from capital gains to those from dividends. Corporate America has obliged by using excess cash to **buy** **back** its own **stock** instead of distributing it in the form of dividends.
Investor behavior has other effects on...

14/3,K/32 (Item 3 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

09431631 SUPPLIER NUMBER: 17452361 (USE FORMAT 7 OR 9 FOR FULL TEXT)
Stocks, bonds, options, futures, and portfolio insurance: a rose by any other name.....
Fortune, Peter
New England Economic Review, p25(22)
July-August, 1995

ISSN: 0028-4726 LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 13586 LINE COUNT: 01036

... dividend proportional to the security price, the discount rate is the riskless rate less the **dividend yield** . (8) Let ((delta).sub.1) and ((gamma).sub.1) be the delta and gamma of...form of securities already held by the institution. (10) Of course, the institution will not **buy back** 0.422 futures then sell 0.125 futures. Instead, it will simply buy the difference...

...U.S. dollars. Hence, it is equivalent to borrowing at the U.S. rate to **buy** foreign **securities** , combined with an exchange rate guarantee.
Peter Fortune Professor of Economics at Tufts University, now...

14/3,K/33 (Item 4 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

08554187 SUPPLIER NUMBER: 18132220
Wall Street: stretched?(US bon-equity yields)
Investors Chronicle, v115, n1466, p25(1)
March 8, 1996
ISSN: 0261-3115 LANGUAGE: English RECORD TYPE: Abstract

...ABSTRACT: equities appear overvalued using traditional measures. The high ratio could be sustainable for three reasons. **Dividend yields** are low due to **stock buy - back** being chosen as a way to use **profit** , instead of **dividend** increases. Long term **profit** growth prospects appear good. There is also a large amount of funds being invested in...

14/3,K/34 (Item 5 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

08521787 SUPPLIER NUMBER: 18060301 (USE FORMAT 7 OR 9 FOR FULL TEXT)
A 10,000 Dow by the year 2000. (economist Ed Yardeni)(Cover Story)(Interview)
Kaye, Steven D.
U.S. News & World Report, v120, n10, p66(1)
March 11, 1996
DOCUMENT TYPE: Cover Story Interview ISSN: 0041-5537 LANGUAGE: English RECORD TYPE: Fulltext; Abstract
WORD COUNT: 792 LINE COUNT: 00059

... bad. They've concluded that they'd rather serve stockholders by using the cash to **buy back stock** and drive up the stock price that way.
Do you expect that the gain in...

14/3,K/35 (Item 6 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

07523396 SUPPLIER NUMBER: 15725792 (USE FORMAT 7 OR 9 FOR FULL TEXT)
Firms that invest in themselves promise big profits. (stock buybacks) (Wall Street Newsletter) (Column)
Money, v23, n9, p60(5)

Sept, 1994
DOCUMENT TYPE: Column ISSN: 0149-4953 LANGUAGE: ENGLISH
RECORD TYPE: FULLTEXT; ABSTRACT
WORD COUNT: 1490 LINE COUNT: 00114

14/3,K/36 (Item 7 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

05455793 SUPPLIER NUMBER: 11301326 (USE FORMAT 7 OR 9 FOR FULL TEXT)
Financial health of GD better than expected - Anders. (General Dynamics Corp.; chief executive officer William Anders)
Defense Daily, v172, n60, p484(2)
Sept 26, 1991
ISSN: 0889-0404 LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT
WORD COUNT: 623 LINE COUNT: 00048

... liquidity and investment would be paid to investors through a variety of means, Anders said. **Investors** could **profit** through increased **dividends** , **stock** **buyback** , special distribution or self tender, he added.
A Wall Street analyst tracking General Dynamics said...

14/3,K/37 (Item 8 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

04845990 SUPPLIER NUMBER: 09078540 (USE FORMAT 7 OR 9 FOR FULL TEXT)
The bullish case for oil shares. (Personal Investing) (interview)
Kuhn, Susan E.
Fortune, v122, n13, p37(2)
Nov 19, 1990
DOCUMENT TYPE: interview ISSN: 0015-8259 LANGUAGE: ENGLISH
RECORD TYPE: FULLTEXT
WORD COUNT: 936 LINE COUNT: 00070

14/3,K/38 (Item 9 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

04499133 SUPPLIER NUMBER: 08253035 (USE FORMAT 7 OR 9 FOR FULL TEXT)
Four stocks to buy now. (The Contrarian) (column)
Dreman, David
Forbes, v145, n1, p334(1)
Jan 8, 1990
CODEN: FORBA DOCUMENT TYPE: column ISSN: 0015-6914
LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT
WORD COUNT: 901 LINE COUNT: 00067

... costs in the past several years, and last December introduced another large cost-reduction and **stock** **buyback** program. Too, in the first quarter of 1990 it will start shipping in volume an...

...disk drive. IBM trades at a P/E of ten times estimated 1990 earnings and **yields** 5%, with the **dividend** likely to be hiked again next year.
Finally, there is Digital Equipment (81), the nation...

14/3,K/39 (Item 10 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

03686843 SUPPLIER NUMBER: 06592000 (USE FORMAT 7 OR 9 FOR FULL TEXT)
Why I'm still worried. (Market Comments) (column)
Stovall, Robert H.
Financial World, v157, n18, p50(1)
Aug 23, 1988
CODEN: FIWOA DOCUMENT TYPE: column ISSN: 0015-2064
LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT
WORD COUNT: 693 LINE COUNT: 00052

... Today, a seat costs about $700,000, up from last October's $625,000.

The **dividend yield** statistics make me think the stock market may not have dropped low enough. During previous bear-market bottoms earlier this century, Dow-30 **dividend yields** averaged 6.2%. Since 1919, the lowest bear-market bottom yield was 4.3%, in 1962 and in 1966. The **dividend yield** on the DJIA was 4.0% last October, but dividend payouts as a percentage of earnings are their lowest in more than a generation. Managements currently prefer **stock buyback** programs and acquisitions for protection in control contests.

The Federal Reserve Board has tightened rates...

14/3,K/40 (Item 11 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

03493034 SUPPLIER NUMBER: 06653399 (USE FORMAT 7 OR 9 FOR FULL TEXT)
Sterling Software reports first six months results.
PR Newswire, 0506DV8
May 6, 1988
LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT
WORD COUNT: 321 LINE COUNT: 00039

... ago," according to Sterling L. Williams, president. He said partially offsetting this improvement in operating **profit** were preferred stock **dividends** , which were $1.5 million and $700,000 higher than last year's first six...

...that investment income was lower than last year's because the company used cash to **buy back** some of its common **stock** . "The benefit is that there are about three million fewer shares over which to spread...

14/3,K/41 (Item 12 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

03303617 SUPPLIER NUMBER: 06068546 (USE FORMAT 7 OR 9 FOR FULL TEXT)
Post-Crash Investor Attitudes Survey shows: individual investors are sticking with the market; 87% have sold no stocks since crash. (Adams & Rinehart Inc. reports)
PR Newswire, NY5
Nov 10, 1987
LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT
WORD COUNT: 889 LINE COUNT: 00076

... percent wanted to sell but couldn't reach their brokers.
Reasons to Invest
Among those **investors** who would consider **buying stock** over the next six months, 22 percent said low stock price would be the most important reason to **invest** in a particular **stock** , 17 percent cited earnings growth, and 16 percent identified company size/reputation. Surprisingly, only 11 percent cited high **dividend yield** and 5 percent mentioned a company **stock buy - back** .
Reduce the Budget Deficit
When asked which problem was most responsible for the market's...

14/3,K/42 (Item 13 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

03119953 SUPPLIER NUMBER: 04702904 (USE FORMAT 7 OR 9 FOR FULL TEXT)
Judging whether stocks are overvalued.
Rachlin, Jill
U.S. News & World Report, v102, p60(2)
March 23, 1987
CODEN: XNWRA ISSN: 0041-5537 LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT
WORD COUNT: 1192 LINE COUNT: 00088

... explains: "The argument in the early '80s was that you'd get back to low **dividend yields** as inflation was rolled back. Now, we're there.' Connolly also says yields are down because more firms use cash to **buy back** their **stock** rather than pay higher dividends. Last year, companies paid $88 billion in dividends and spent...

14/3,K/43 (Item 1 from file: 160)
DIALOG(R)File 160:Gale Group PROMT(R)

02252616
Honeywell puts most military units on block
Electronic News July 31, 1989 p. 29
ISSN: 0013-4937

...management methods to create a projected $150 mil/yr increase in the company's operating **profits** and increased current **dividends** to shore up stock prices. Another part of its strategy involves the divestiture of most ...

...units and its 50% stake in Yamatake-Honeywell, a Japanese joint venture, to fund a **stock buy - back** program of up to 10 mil shares. There were 43 mil+ outstanding Honeywell stock shares...

14/3,K/44 (Item 2 from file: 160)
DIALOG(R)File 160:Gale Group PROMT(R)

01863289
Losses? What losses?
Forbes February 8, 1988 p. 118
ISSN: 0015-6914

Corporate **stock** **buybacks** are a new way of deploying shareholder money without revealing a bad **investment** . Some of the **stock** prices of the 1,500 corporations that authoried buybacks in 1987 have dropped below the...

... requires repurchased shares to be held as treasure stock or retired. While accounting for the **buyback** reduces corporate equity by either reducing the companies' assets or raising the debt load by an amount equivalent to the cash used or borrowed for the **buyback** , the reduction of shares is 'simply closing out a transaction that began when (the securities ...

... Moreover, 'There are no further losses to write down.' The only real advantage from a **buyback** is reducing the number of shares outstanding, which could help prevent a hostile takeover. However, **buybacks** can ginger up the **stock** if a company's net **income** exceeds the **yield** on investments such as T bills. In this case earnings/share would rise and, generally, so would the **stock** 's price. But when **buybacks** are a loss-making investment, current accounting rules provide little clues that the **buyback** wasted money. Losses by 7 corporate **buyback** programs are tabulated. ...

14/3,K/45 (Item 3 from file: 160)
DIALOG(R)File 160:Gale Group PROMT(R)

01740338
Coca-Cola: Renewed Interest
Merrill Lynch Market Letter July 27, 1987 p. 3

...should boost long-term per-share earnings growth to about 15%/yr due to a **stock** **buyback** over the next 3 yrs. The stock repurchase comes at a time when the firm...

... could slide about 15%, reflecting a writeoff for the movie Ishtar and lower TV syndication **income** . **Profits** from food operations (10% of earnings) will probably increase slightly. Over the long-term, Coca...

14/3,K/46 (Item 4 from file: 160)
DIALOG(R)File 160:Gale Group PROMT(R)

01611881
Gillette's first-quarter earnings up 22%.
BOSTON GLOBE (MA) April 17, 1987 p. 49,591

... to shareholders on record as of 5/1/87. Gillette posted a 22% increase in **profits** and net **income** for 1st-qtr-1987. Sales amounted to $762.1 mil, reflecting a 16% increase from...

... in 4th-qtr-1986 due to a restructuring program disclosed after Gillette's 11/86 **stock** **buyback** from R Perelman. The restructuring includes layoffs of up to 2,400 workers, the sale...

14/3,K/47 (Item 5 from file: 160)
DIALOG(R)File 160:Gale Group PROMT(R)

01228479
Loews holds 9,9% of CBS.
NEW YORK TIMES (NATIONAL EDITION) July 30, 1985 p. 33,36

...by Loews for $346.96 million for investment purposes. Loews plans to offer all the **stock** to CBS in a **buyback** tender offer designed to thwart a takeover attempt by Turner Broadcasting System. Loews cannot buy...

...allow any profits from the sale of stock back to CBS to be treated as **dividends** rather than **profit** . If the stock price drops, any losses will be used to offset profits from other...

14/3,K/48 (Item 1 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

14427011 (USE FORMAT 7 OR 9 FOR FULLTEXT)
Taxpayers Can Take Advantage of a Few Good Moves in Waning Hours of 2000
KRTBN KNIGHT-RIDDER TRIBUNE BUSINESS NEWS (SAN JOSE MERCURY NEWS - CALIFORNIA)
December 25, 2000
JOURNAL CODE: KSJM LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 1071

(USE FORMAT 7 OR 9 FOR FULLTEXT)

... afoul of the "wash sale" rules -- and force you to report all those original paper **profits** as **income** .
This new interpretation of a 36-year-old line in the Internal Revenue Code is...

14/3,K/49 (Item 2 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

13705025 (USE FORMAT 7 OR 9 FOR FULLTEXT)
Northern Venture Tst - Final Results
REGULATORY NEWS SERVICE
November 09, 2000
JOURNAL CODE: WRNS LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 2053

(USE FORMAT 7 OR 9 FOR FULLTEXT)

... which became available and the directors have had little occasion to use their authority to **buy back** shares in the market for cancellation. With the passing of the fifth anniversary of the...

...of shares will be offered to the market and we are ready to use our **buy - back** powers as necessary. However we expect that many shareholders will decide to retain their shares for the longer term in order to derive full benefit from the company's maturing **investment portfolio** , in terms both of dividend distributions and of further capital growth. * Our fifth anniversary is...

... of sterling remains a concern for many manufacturing businesses. Your

company has a well-diversified **investment portfolio** , which has recently shown the benefits of a sensible level of exposure to early-stage...

14/3,K/50 (Item 3 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

13629830 (USE FORMAT 7 OR 9 FOR FULLTEXT)
India: No smooth sails
BUSINESS LINE
November 05, 2000
JOURNAL CODE: FBLN LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 578

(USE FORMAT 7 OR 9 FOR FULLTEXT)

... and use the buyback programme to pare exposures. A fresh look at the company's **stock** as an **investment** option can be considered at a later stage.
Essar Shipping
With its decision to spin...

14/3,K/51 (Item 4 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

13450079
Insiders are active in pipelines and real estate
INVESTORS DIGEST
July 21, 2000
JOURNAL CODE: FIDT LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 880

... net proceeds of US$700 million will be used to execute a US$500million share **buyback** and to invest in technology ventures related to the real estate business. Two Insiders also...

...TSE Insider S/B Ratio in the bullish zone below 1.00, we featured two **stocks** with Insider **buy** signals: Manulife Financial (TSEMFC $26.10, 8007959767, www.manlife.com), then trading around $18.55...

...TSE Insider S/B Ratio in the bullish zone below 1.00, we featured two **stocks** with Insider **buy** signals: Manulife Financial (TSEMFC $26.10, 8007959767, www.manlife.com), then trading around $18.55...

14/3,K/52 (Item 5 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

13384619
PR Newswire California Summary, Thursday, Oct. 19, 2000 up to 2:00 p.m. PT
PR NEWSWIRE
October 19, 2000
JOURNAL CODE: WPRW LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 1325

... 04 r f bc-CA-HOMS-Q3-Earnings (THOUSAND OAKS) Homestore.com, Inc.

Reports Net **Income** Cash **Profitability** SFTH109 10/19/2000 16:04 r f
bc-CA-Scient-e-photo Scient Clicks...

14/3,K/53 **(Item 6 from file: 20)**
DIALOG(R)File 20:Dialog Global Reporter

11206794 (USE FORMAT 7 OR 9 FOR FULLTEXT)
Shires Income PLC - Final Results
REGULATORY NEWS SERVICE
May 25, 2000
JOURNAL CODE: WRNS LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 2062

...of capital profits. As a result the Company may now use its capital reserves to **buy back** shares. It will not be necessary to reduce the share premium account and repurchase will...

14/3,K/54 **(Item 7 from file: 20)**
DIALOG(R)File 20:Dialog Global Reporter

09368069 (USE FORMAT 7 OR 9 FOR FULLTEXT)
Tata Power Q3 to Dec net profit 489.7 mln rupees vs 381.5
AFX (AP)
January 31, 2000
JOURNAL CODE: WAXA LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 265

(USE FORMAT 7 OR 9 FOR FULLTEXT)

... mln rupees vs 380.4 mln

The company said non-recurring income is profit on **buyback** of **bonds** and profit on sale or redemption of investments.
Nine months to December results:

Net profit...

14/3,K/55 **(Item 8 from file: 20)**
DIALOG(R)File 20:Dialog Global Reporter

09024443
Investing 101
FINANCIAL POST, p04
January 08, 2000
JOURNAL CODE: FFP LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 147

... of dividends, are more likely to be plowed back into the business, or used to **buy back** shares. The idea is to fuel stock price gains, which many investors prefer because they...

14/3,K/56 (Item 9 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

08207806 (USE FORMAT 7 OR 9 FOR FULLTEXT)
Stock Picks Column
Steven Halpern <remove>sdfs</remove> Nov. 12--Boston Properties NYSE (Symbol BXP) 52-week range 28 11/16-37 1/2 While many REITs have been poor performers in recent years
KRTBN KNIGHT-RIDDER TRIBUNE BUSINESS NEWS (STOCKS PICK COLUMN)
November 12, 1999
JOURNAL CODE: KSPC LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 975

(USE FORMAT 7 OR 9 FOR FULLTEXT)

... team is flexible to decisions that increase shareholder value such as selling noncore assets to **buy back stock** . The net asset value is believed to be in the $12-$14 range, which provides...

14/3,K/57 (Item 10 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

07875532 (USE FORMAT 7 OR 9 FOR FULLTEXT)
Dividend yield can pay off in tax advantage
SECTION TITLE: Interview
INVESTORS DIGEST
August 13, 1999
JOURNAL CODE: FIDT LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 1345

(USE FORMAT 7 OR 9 FOR FULLTEXT)

... the current level of 1.5%, as corporations use earnings to finance capital expenditures and **buy back stock** . Under this challenging environment, we will continue to selectively pursue interesting investment opportunities that can... multiple for a premiere financial services enterprise. Royal Bank's shares offer the investor good **dividend** growth and **yield** , in addition to the growth potential from earnings.
what is it that you like bout...

14/3,K/58 (Item 11 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

07278975 (USE FORMAT 7 OR 9 FOR FULLTEXT)
Business This Week 2 (Investment Week): ABN-Amro favours Rynanair, Viridian
IRISH TIMES, p70
September 17, 1999
JOURNAL CODE: FIRT LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 145

... annually, the likelihood of a strong dividend yield and even the possibility of a share **buy - back** if price weakness continues. Now trading around E9.55 ((pounds) 7.52) after touching E11...

14/3,K/59 (Item 12 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

04178420 (USE FORMAT 7 OR 9 FOR FULLTEXT)
Tax reliefs for corporate sector overdue
SECTION TITLE: TAX
Jayant M Thakur
FINANCIAL EXPRESS
February 01, 1999
JOURNAL CODE: WFEX LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 1003

(USE FORMAT 7 OR 9 FOR FULLTEXT)

... the shareholder can claim complete exemption of the amount received. How will, in case the **buyback** is through the **stock** exchange, the shareholder come to know that the buyer is the company and, hence, he ...

14/3,K/60 (Item 13 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

03887186
OLD BLUE CHIPS TURN GREY OUTSIDE APARTHEID'S HOTHOUSE INVESTMENT
SECTION TITLE: Companies & Markets
Tammy Lloyd
FINANCIAL MAIL, p44
December 18, 1998
JOURNAL CODE: WFML LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 973

... seen to be doing the right thing constantly. "It's all about earnings visibility," says **Investec portfolio** manager John McNab. In a bear market the appellation "blue chip" is becoming a hard...

14/3,K/61 (Item 14 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

03222247 (USE FORMAT 7 OR 9 FOR FULLTEXT)
Edit -- Permit buyback
SECTION TITLE: CORPORATE
FINANCIAL EXPRESS
October 15, 1998
JOURNAL CODE: WFEX LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 318

(USE FORMAT 7 OR 9 FOR FULLTEXT)

... attractive. The government must trigger a change in sentiment. For that to happen, announcing a **buyback** is essential, and the government must make known its concrete plans on how it proposes...

14/3,K/62 (Item 15 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

03100010
Oakwood Homes Corporation Announces Completion Of Strategic Review
PR NEWSWIRE
October 13, 1998
JOURNAL CODE: WPRW LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 1192

...term outlook, I am pleased that our Board of Directors has approved a $25 million **stock** **buyback** program. Under the program, the Company may repurchase shares from time to time in the open market. At present values, our Board believes that Oakwood **stock** is an outstanding **investm**ent . I have confidence that Oakwood Homes moves ahead into our new fiscal year as the...

14/3,K/63 (Item 16 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

02901554 (USE FORMAT 7 OR 9 FOR FULLTEXT)
Pensions frozen in time; Weekend Money
PATRICK COLLINSON
TIMES
May 16, 1998
JOURNAL CODE: FTMS LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 1564

(USE FORMAT 7 OR 9 FOR FULLTEXT)

... transfer values. Johnstone Douglas also argues that changes to advance corporation tax, encouraging companies to **buy** **back** shares rather than pay out dividends, is temporarily depressing **dividend** **yields** . Again, this has the impact of artificially boosting transfer values.
But pension providers are cautious...

14/3,K/64 (Item 17 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

02871671 (USE FORMAT 7 OR 9 FOR FULLTEXT)
Brokers' Digest
EDGE (MALAYSIA)
September 21, 1998
JOURNAL CODE: WTEM LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 1345

(USE FORMAT 7 OR 9 FOR FULLTEXT)

... proposal as they may prefer to obtain cash rather than wait for the company to **buy** **back** its shares. They will also worry about a change in B-Toto's dividend policy...

14/3,K/65 (Item 18 from file: 20)
DIALOG(R)File 20:Dialog Global Reporter

02839813
CBSI Announces Stock Repurchase Program
PR NEWSWIRE
September 17, 1998
JOURNAL CODE: WPRW LANGUAGE: English RECORD TYPE: FULLTEXT
WORD COUNT: 1020

... financial flexibility to move forward with our strategic growth plans, including possible acquisitions. This deleverage/ **stock buy - back** strategy, as well as our recently announced 15% dividend increase, represent the company's continuing...

14/3,K/66 (Item 1 from file: 476)
DIALOG(R)File 476:Financial Times Fulltext

0009576361 B0IJ0AOAEPFT
SURVEY - QUARTERLY REVIEW OF PERSONAL FINANCE: Missing the fall and the bus: BUILDING A PORTFOLIO
KEVIN GOLDSTEIN-JACKSON
Financial Times, Surveys ED, P 11
Saturday, October 24, 1998
DOCUMENT TYPE: Surveys; NEWSPAPER LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT
Word Count: 675

...low price and may well do so soon depending on market conditions.

I did, however, **buy back** the **portfolio** 's holding of 3,000 shares in William Ransom on October 9, paying 39.5p...

...that price, this small company has a price/earnings ratio of 7.8 with a **dividend yield** estimated at 8.5 per cent gross.

The portfolio retained its shareholding in Arlen, despite...

14/3,K/67 (Item 2 from file: 476)
DIALOG(R)File 476:Financial Times Fulltext

0009013850 B0HATAEAEOFT
Markets: This week: Irrational exuberance sails on: Global Investor / Philip Coggan
PHILIP COGGAN
Financial Times, London Edition 1 ED, P 26
Monday, January 20, 1997
DOCUMENT TYPE: Market reports; NEWSPAPER LANGUAGE: ENGLISH
RECORD TYPE: FULLTEXT
Word Count: 754

...are irrelevant and the US market's rise is soundly based. Many argue that the **dividend yield** no longer counts, because US investors prefer capital gains to dividends and corporations are using their cash to **buy back stock** instead.

Secondly, US baby boomers are pouring money into mutual funds, because they have reached...

14/3,K/68 (Item 1 from file: 610)
DIALOG(R)File 610:Business Wire

00132235 19991103307B1478 (USE FORMAT 7 FOR FULLTEXT)
Reckson Announces 15.4% Increase in FFO Per Share and 17.8% Increase in CAD Per Share for the Third Quarter of 1999
Business Wire
Wednesday, November 3, 1999 13:40 EST
JOURNAL CODE: BW LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT
DOCUMENT TYPE: NEWSWIRE
WORD COUNT: 2,245

...in excess of 3.5 million square feet of Class A office space.

- Announced a **stock buy - back** program in which the Company is authorized to purchase up to 3 million shares of...

...a
significant discount to the net asset value of the Company and provides an attractive **dividend yield** of approximately 11%.

Reckson Associates Realty Corp. is a self-administered and self-managed real...

14/3,K/69 (Item 2 from file: 610)
DIALOG(R)File 610:Business Wire

00116368 19991007280B0346 (USE FORMAT 7 FOR FULLTEXT)
WVS Financial Corp. Announces Record First Quarter Earnings
Business Wire
Thursday, October 7, 1999 16:23 EDT
JOURNAL CODE: BW LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT
DOCUMENT TYPE: NEWSWIRE
WORD COUNT: 646

...37 at September 30, 1998 and 1999, respectively;
(3) Repurchased 83,917 shares of common **stock** under the Company's third **buyback** program announced on May 25, 1999. Approximately 106,000 shares of common stock remained to...

...in cash dividends which represents a
generous 43.2% dividend payout ratio and a current **dividend yield** in excess of 4.2%."

WVS Financial Corp. owns 100% of the outstanding common stock...

14/3,K/70 (Item 1 from file: 634)
DIALOG(R)File 634:San Jose Mercury

10860085
LAST-GASP TAX BREAKS CLOCK IS TICKING ON THESE ITEMS TO CUT YOUR TAX BILL THIS WEEK OFFERS A LAST CHANCE TO BAIL OUT OF INCENTIVE STOCK OPTIONS, OFFSET GAINS WITH LOSSES, COVER A SHORT POSITION OR MAKE A DONATION TO CHARITY.

San Jose Mercury News (SJ) - Monday, December 25, 2000
By: MARK SCHWANHAUSSER, Mercury News
Edition: Morning Final Section: Business Monday Page: 1C
Word Count: 1,096

...on your actual profit -- not the long-gone paper profit.

One screaming caveat: Don't **buy back** your company **stock** within 30 days. In recent days, tax experts have issued a red alert that repurchasing ...

... afoul of the ''wash sale'' rules -- and force you to report all those original paper **profits** as **income** .

This new interpretation of a 36-year-old line in the Internal Revenue Code is...
?

? t9/3,k/all

9/3,K/1 (Item 1 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01769093 04-20084
The US stock market and the global economic crisis
Wadhwani, Sushil B
National Institute Economic Review n167 PP: 86-105 Jan 1999
ISSN: 0027-9501 JRNL CODE: NER
WORD COUNT: 11897

...ABSTRACT: dividend-based model suggests that the market is two or three times overvalued. Allowing for **stock buybacks** , takeovers for cash and temporary unsustainable earnings growth leave the market overvalued by 20%-30...
...TEXT: dividend based model suggests that the market is two or three times overvalued. Allowing for **stock buybacks** , takeovers for cash and temporary unsustainable earnings growth leave the market overvalued by 20-30...

... more closely at our assumptions about dividends/earnings. Section 2.1 incorporates the effect of **stock buybacks** , while the possibility of a temporary increase in earnings growth is allowed for in section...

...share issuance, the payout ratio and the share of profits in GDP.

(iii)The expected **dividend yield** :

(Graph Omitted)

Captioned as: Chart 1.

If we make a consensus-like assumption that the...

...be 5 per cent higher than the one paid for the last year, then the **dividend yield** is about 1.65 per cent.
(iv)The Equity Risk Premium: Much of this article...assumptions in the above model, and see how much the conclusions change.

2.1 Incorporating **stock buybacks**

Many argue that one should not use the **dividend yield** as a valuation indicator, because the increase in share repurchase activity has artificially depressed the measured **dividend yield** . (Examples of academics who have advocated this line include Cole et al., 1996, and Malkiel...

... many practitioners). It is now relatively common to see Wall Street strategists adjust the measured **dividend yield** by adding the value of share repurchases to that of dividends. Some academics are uncomfortable...

... share prices through their effect on the dividend per share assumption (see Box on 'Incorporating **Stock Buybacks** in the DDM' for a further discussion of this issue).

Of course, the implicit assumption...

... P500 during periods when M&A activity is unusually high. We have

computed an adjusted **dividend yield** by adding to officially recorded dividends both net share repurchase activity, and the value of cash-financed mergers. Chart 2 displays the two alternative **dividend yield** series - the adjustments mattered a great deal in the mid-1980s, at the height of the merger wave. It also significantly increases the **dividend yield** now, raising it by about 0.9 percentage points.

(Table Omitted)

Captioned as: Incorporating **stock buybacks** in the DDM

Table 2 now presents calculations for the S&P500 that are amended...of the fair value of the S&P500 (see table 5). If we use the **buyback** -adjusted retention **ratio** and **dividend yield** , then, measures of implied dividend growth that rely on replacement costs or market values yield...is, perhaps, worth reminding ourselves that, historically, investment-led booms have sometimes ended in tears. **Stock** market-induced growth in **investment** normally implies that over-heating and inflation are delayed (as supply expands through the recovery). If the **stock** market then falls, **investment** and consumption are hit, and unlike consumption-led booms, excess capacity emerges quickly, and there...losses are assumed to hurt significantly more than gains yield pleasure.
(c) Even long-term **investors** are assumed to evaluate their **portfolios** frequently. They find that they can explain the size of the historical (ex post) ERP...

... using the previously estimated parameters of Prospect Theory (see Kahneman and Tversky, 1979) provided that **investors** evaluate their **portfolios** annually. Their result is of particular interest since their assumptions appear to be quite plausible...

... and Cohn (1979), who argued that investors incorrectly compare a real variable, i.e. the **dividend yield** , with a nominal variable, i.e. the nominal interest rate (the MC hypothesis, hereafter).

(ii... rather than 3.7 per cent). Further, we make a share buyback adjustment to the **dividend yield** . On doing so, we obtain a warranted price of 977. However, the assumptions in Row...

...ending in 1861, at the onset of the US Civil War). Hence, for long-term **investors** , fixed income **securities** have almost always underperformed, with no 20-year period in US history (since 1802) when...process), table 15 reports my crude, 'best guess' of the current risk premium. For the **dividend yield** , I would make the buyback adjustment (alternatively, I could have modified the dividend growth assumption Management in 1997, the typical mutual fund **investor** expected annual returns from the **stock** market of 34 per cent p.a. over the next ten years! Other more recent...

... actuarial assumptions of equity returns in the 8-10 per cent area, which, with a **dividend yield** under 2 per cent, and nominal GNP growth unlikely to exceed 5 per cent, is...Journal of Economic Perspectives, 11, 1, Winter, pp. 191200.

Reference:

Smith, E. L. (1925), Common **Stocks** as Long-Term **Investments** , New York, Macmillan. Smithers, A. and Wright, S. (1997), 'The "q" debate and the 'Anti...

9/3,K/2 (Item 1 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

10837890 SUPPLIER NUMBER: 53953623 (USE FORMAT 7 OR 9 FOR FULL TEXT)
The US stock market and the global economic crisis.
Wadhani, Sushil B.
National Institute Economic Review, 167, 86(2)
Jan, 1999
ISSN: 0027-9501 LANGUAGE: English RECORD TYPE: Fulltext; Abstract
WORD COUNT: 12740 LINE COUNT: 01015

... more closely at our assumptions about dividends/earnings. Section 2.1 incorporates the effect of **stock buybacks**, while the possibility of a temporary increase in earnings growth is allowed for in section...

...at a later stage.
The model asserts that:
DY + g = r + rp (1)
where
DY = **Dividend yield** g = Expected long-term, real growth rate of dividends r = Real interest rate rp = Equity...

...share issuance, the payout ratio and the share of profits in GDP.
(iii) The expected **dividend yield**:
If we make a consensus-like assumption that the dividend to be paid for the...

...be 5 per cent higher than the one paid for the last year, then the **dividend yield** is about 1.65 per cent.
(iv) The Equity Risk Premium:
Much of this article...assumptions in the above model, and see how much the conclusions change.
2.1 Incorporating **stock buybacks**
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Of course, the implicit assumption...

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ourselves that, historically, investment-led booms have sometimes ended in tears. **Stock** market-induced growth in **investment** normally implies that over-heating and inflation are delayed (as supply expands through the recovery). If the **stock** market then falls, **investment** and consumption are hit, and unlike consumption-led booms, excess capacity emerges quickly, and there...losses are assumed to hurt significantly more than gains yield pleasure.

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They find that they can explain the size of the historical (ex post) ERP...

...using the previously estimated parameters of Prospect Theory (see Kahneman and Tversky, 1979) provided that **investors** evaluate their **portfolios** annually. Their result is of particular interest since their assumptions appear to be quite plausible...

...and Cohn (1979), who argued that investors incorrectly compare a real variable, i.e. the **dividend yield** , with a nominal variable, i.e. the nominal interest rate (the MC hypothesis, hereafter).

(ii...

...cent rather than 3.7 percent). Further, we make a share buyback adjustment to the **dividend yield** . On doing so, we obtain a warranted price of 977. However, the assumptions in Row...ending in 1861, at the onset of the US Civil War). Hence, for long-term **investors** , fixed income **securities** have almost always underperformed, with no 20-year period in US history (since 1802) when...process), table 15 reports my crude, 'best guess' of the current risk premium. For the **dividend yield** , I would make the buyback adjustment (alternatively, I could have modified the dividend growth assumption...example, in a survey conducted by Montgomery Asset Management in 1997, the typical mutual fund **investor** expected annual returns from the **stock** market of 34 per cent p.a. over the next ten years! Other more recent...

...actuarial assumptions of equity returns in the 8-10 per cent area, which, with a **dividend yield** under 2 per cent, and nominal GNP growth unlikely to exceed 5 per cent, is...

...per cent (see Welch, 1998).

Table 15. 'Best guess' estimate of the current risk premium

Dividend yield	Use buyback-adjusted yield	2.55%
Real interest rate	Subtract 50b.p. from TIPS yield...per cent fall, for example, into	

something rather larger in a potentially cumulative process.

Incorporating **stock buybacks** in the DDM

The issues are most easily illustrated by reference to a simple example...

...in the same way, but decides that it will pay out one-half of its **profits** as **dividends** , but use the other half to repurchase its shares.

Hence, in the first year, shareholders...Journal of Economic Perspectives, 11, 1, Winter, pp. 191-200.

Smith, E. L. (1925), Common **Stocks** as Long-Term **Investments** , New York, Macmillan.

Smithers, A. and Wright, S. (1997), 'The "q" debate and the 'Anti...

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01769093/9
DIALOG(R)File 15:ABI/Inform(R)

01769093 04-20084
The US stock market and the global economic crisis
Wadhwani, Sushil B
National Institute Economic Review n167 PP: 86-105 Jan 1999 CODEN: NIERAY ISSN: 0027-9501 JRNL CODE: NER
DOC TYPE: Journal article LANGUAGE: English LENGTH: 20 Pages
SPECIAL FEATURE: Charts Graphs Equations References
WORD COUNT: 11897

ABSTRACT: The question whether the US equity market is overvalued is important from a policy perspective because a significant derating could interact adversely with the realization of risks of recession. A simple dividend-based model suggests that the market is two or three times overvalued. Allowing for stock buybacks, takeovers for cash and temporary unsustainable earnings growth leave the market overvalued by 20%-30%. The New Economy view that recessions are things of the past and that technical change justifies permanently higher earnings growth is implausible. An influential argument that the traditional premium earned by equities over bonds is too high is itself theoretically special. Similarly, the recent relationship between US inflation and the risk premium has not held at other times and places, while the fact that most wealth is held by middle-aged people with limited time horizons supports a larger premium.

TEXT: Headnote:

The question whether the US equity market is overvalued is important from a policy perspective because a significant derating could interact adversely with the realisation of risks of recession. A simple dividend based model suggests that the market is two or three times overvalued. Allowing for stock buybacks, takeovers for cash and temporary unsustainable earnings growth leave the market overvalued by 20-30 per cent. The 'New Economy' view that recessions are things of the past and that technical change justifies permanently higher earnings growth is implausible. An influential argument that the traditional premium earned by equities over bonds is too high is itself theoretically special. Similarly the recent relationship between US inflation and the risk premium has not held at other times and places, while the fact that most wealth is held by middle-aged people with limited time horizons supports a larger premium. Our best guess is that the current premium is 1.7 per cent p.a. which is near the lower end of the historical range although equity investors do not appear to be prepared for lower returns in the face of the possibility of global recession in the next 12-18 months. The risk that a US market adjustment might aggravate such a recession in the US itself is a basis for reconsidering central banks' disregard of asset prices in setting monetary policy.

1. Introduction

This article is primarily concerned with whether the US equity market is appropriately priced to reflect current global economic risks. From a policy perspective, this is an important question because if the US equity market were to experience a significant derating, it could cause a nasty recession.

Section 2.1 starts with a deliberately oversimplified Dividend Discount Model (DDM, hereafter), and shows that, under certain standard assumptions,

the US equity market could be egregiously overvalued. We then consider alternative assumptions in turn.

First, we look more closely at our assumptions about dividends/earnings. Section 2.1 incorporates the effect of stock buybacks, while the possibility of a temporary increase in earnings growth is allowed for in section 2.2. Relatedly, we discuss various aspects of the 'New Economy' view in section 3. We consider whether recessions are less likely (3.1), and also whether recent technological developments can justify a permanent increase in earnings growth (3.2). Next, we discuss the optimism of Wall Street analysts (3.3), and also consider the sustainability of the current gap between the return and cost of capital (3.4), in trying to decide whether it is appropriate to assume a permanent increase in earnings growth.

We then turn our attention to the equity risk premium (ERP, hereafter). We initially examine what economic theory tells us about it (section 4.1), and then consider the effects of lower inflation on the ERP (4.2). We subsequently discuss whether stocks have been chronically undervalued in history (4.3 and 4.4) and whether one can justify a very low ERP (4.5). Our 'best guess' estimate of the current ERP is presented in section 4.6, and we contrast it with current return expectations in 4.7.

Section 5.1 discusses the potential role of the US stock market in exacerbating a hard landing, while 5.2 raises the possibility that a 'soft landing' of the US economy in 1999 could be associated with a further decline in the ERP. Section 5.3 considers the question of whether central banks should attempt to influence the level of equity prices. Finally, some conclusions may be found in section 6. 2. Are US equities overvalued?

With the US equity market having fallen initially nearly 20 per cent from its highs in August-September 1998, and then largely recovered its losses, it might seem strange that we are worrying about the potential downside. Chart 1 reminds us that in the crash of 1929, US shares fell initially about 40 per cent, then rose by about 44 per cent into early 1930 (for a net fall of 131/2 per cent as the Fed significantly cut the discount rate), before falling over 80 per cent over the subsequent two years. The bottom in 1932 was over 85% below the 1929 peak. On the other hand, several professional stock market strategists on Wall Street remain optimistic about the equity market. For example, Goldman Sachs' Abby Cohen says that the US equity market is likely to go on up.

2.1 A conventional formulation

For simplicity, we begin with a steady-state version of the dividend discount model (DDM), i.e. Gordon's (1962) growth model. We use this model as it is a commonly used workhorse in the financial community, and is a convenient vehicle to illustrate some of the relevant arguments. We shall consider more sophisticated valuation models at a later stage. The model asserts that: (Formula Omitted)

(i) Real interest rate, r:

We use the yield on US Treasury Inflation-Protected Securities (TIPS, hereafter), which is currently about 3.7 per cent.

(ii)Real growth rate of dividends, g: One possible assumption is the actual, long-term growth rate of real dividends, which, over the 192697 period, is only about 1.9 per cent p.a. This is a little less than the historical growth rate of GDP, because of variation over time in share issuance, the payout ratio and the share of profits in GDP.

(iii)The expected dividend yield:

(Graph Omitted)

Captioned as: Chart 1.

If we make a consensus-like assumption that the dividend to be paid for the year ahead will be 5 per cent higher than the one paid for the last year, then the dividend yield is about 1.65 per cent.

(iv)The Equity Risk Premium: Much of this article is about the appropriate level of the ERP. This is a controversial area, both theoretically and empirically. The textbook answer to this question is to use the actual, ex post returns on shares vs bonds (or cash) to estimate its value. Over the 1926-97 period, US equities outperformed US bonds by around 7 per cent p.a.1 Some authors (e.g. Scott, 1992, Blanchard, 1993, Wadhwani and Shah, 1993, or Siegel, 1998) feel that such an ex post historical average is misleading, and we shall examine such arguments in greater detail below. If equities are correctly valued today (at S&P500 = 1150), assumptions (i)(iii) above in the formula in (1) imply that the risk premium, rp is -0.15 per cent (i.e. actually negative). This is, of course, extraordinarily low by historical standards.

Table 1 illustrates the hypothetical case where the current ERP rises to levels which are comparable with the 1926-97 historical average. If, indeed, it were to rise to its ex post average value over 1926-97, the 'fair value' for the S&P would only be 216, vs the current level of 1150, before allowing for any secondround effects on output, profits etc. Of course, our result is entirely driven by our assumptions, which we need to discuss more carefully.

It is, for example, possible that we have understated the true equity risk premium by using the real interest rate implied by TIPS. It is likely that the current yield spread between bond yields and the socalled real interest rate (about 1.5 per cent), also reflects the relative lack of liquidity of TIPS. Consequently, if we use the current long-term nominal interest rate (approx. 5.25 per cent) and couple it with a long-term inflation assumption of 21 per cent, the current equity risk premium rises to 0.55 per cent, which increases the estimated fair value for the S&P500 to 234.

(Table Omitted)

Captioned as: Table 1.

Relatedly, there might be issues relating to measurement error in the case of the ERP. Over some of the 1926-97 period, ex post real interest rates have been negative; some think that it is difficult to believe that ex ante real interest rates could have been negative. Undoubtedly, the inflation of the 1970s was, in part, unanticipated and it is, therefore, plausible that ex post real, long-term interest rates did underestimate their ex ante counterpart.

We have attempted to deal with this issue by trying to estimate the ex ante ERP. Our method involves making the assumption that investors base their estimates of the real growth of dividends and the longterm inflation rate on a trailing ten-year moving average of these variables. Using this method, the 1926-97 historical average of the ERP falls to 4.3 per cent. Note that our estimate is fairly similar to that of Blanchard (1993), who uses a more sophisticated approach (regressions rather than moving averages) to forecast real dividend growth and inflation. If we do use this

alternative estimate of the 'warranted' ERP in table 1, the warranted fair value of the S&P500 rises to 351.4, but is still pretty low compared to the current value (1150). We shall now relax some of the simplifying assumptions in the above model, and see how much the conclusions change.

2.1 Incorporating stock buybacks

Many argue that one should not use the dividend yield as a valuation indicator, because the increase in share repurchase activity has artificially depressed the measured dividend yield. (Examples of academics who have advocated this line include Cole et al., 1996, and Malkiel, 1998, while Shulman et al., 1995, would be representative of many practitioners). It is now relatively common to see Wall Street strategists adjust the measured dividend yield by adding the value of share repurchases to that of dividends. Some academics are uncomfortable with this practice2 because they would rather that the issue of repurchases be handled within the DDM by leaving the measure of dividends unchanged, but allowing repurchase activity to influence share prices through their effect on the dividend per share assumption (see Box on 'Incorporating Stock Buybacks in the DDM' for a further discussion of this issue).
Of course, the implicit assumption that share repurchases are a one-for-one substitute for dividends almost certainly overstates the case. Dividends are rarely cut, but share repurchases can be terminated without the stigma of a dividend cut. Indeed, firms regularly repurchase rather less than they actually announce, but are not punished for this in the way that a cut in dividends would be. Nevertheless, we shall add share repurchases one-to-one to dividends, and will, thereby, overstate the fair value of the S&P500.

However, other adjustments are also necessary. Cole, Helwege and Laster (1996) correctly argue that, contrary to the practice of some Wall Street analysts, one should use net share repurchases in the calculation, because the overall effect of a repurchase financed through an issuance should obviously be zero. In addition, unlike Cole et al. (1996), our measure of the net change in shares also incorporates the effects of cash-financed merger/acquisition/LBO activity, since, for the market as a whole, that does also represent an alternative form of 'dividend' payment. We do admit, though, that since M&A activity is likely to be much less persistent than share repurchase activity, then our assumption of simply adding it in is likely to overstate the fair value of the S&P500 during periods when M&A activity is unusually high. We have computed an adjusted dividend yield by adding to officially recorded dividends both net share repurchase activity, and the value of cash-financed mergers. Chart 2 displays the two alternative dividend yield series - the adjustments mattered a great deal in the mid-1980s, at the height of the merger wave. It also significantly increases the dividend yield now, raising it by about 0.9 percentage points.

(Table Omitted)

Captioned as: Incorporating stock buybacks in the DDM

Table 2 now presents calculations for the S&P500 that are amended for those adjustments. The warranted fair values for the S&P500 increase to 362 and 543, so the stock market appears less egregiously overvalued than in table 1, but there is still plenty to go for (relative to the current S&P value of 1150).

2.3 Allowing for temporary, super-normal earnings growth

An obvious objection to our discussion above is that it does not allow for the fact that investors might expect earnings/dividend growth to be higher

for some years, before reverting to the steady-state assumptions that we have made.
(Chart Omitted)

Captioned as: Chart 2.

(Table Omitted)

Captioned as: Table 2.]

Chart 3 shows that this is, indeed, a highly relevant issue, in that it shows that the consensus, five yearahead earnings growth assumption as obtained from the Institutional Brokers Estimate System (IBES, hereafter) has climbed steadily in recent years, and is now at a staggering 14 per cent! (in an economy where nominal GNP growth has averaged around 5 per cent, though, of course, actual earnings growth has been much higher).

Wall Street analysts have clearly embraced the 'new paradigm', and, on these numbers, even recent global events have not, as yet, led them to change their minds. It is scarcely surprising that, in a recent speech, the Chairman of the Federal Reserve, Alan Greenspan, referred to the "really quite non-believable expected earnings per share increases" (see Greenspan, 1998b). We have computed the risk premium on the market implied assuming that the IBES consensus earnings estimates are indeed correct over the next six years, (i.e. we use the consensus one yearahead forecast, followed by the consensus five yearahead forecast) but that, then, real earnings growth settles down again at a long-run steady-state rate of 21/2 per cent p.a. (in line with expected real GDP growth). On these assumptions, the current level of the market would be 'correct' if the ERP is 3.2 per cent. Table 3 illustrates what this would imply for the fair value of the S&P500 on other assumptions. Note that, if the IBES earnings forecasts were correct, then, on the assumption that the risk premium needs to revert to its longer-term historical average, the implied fair value for the S&P500 rises to between 461 and 800 i.e. if one assumes that the appropriate risk premium is the historical average of the ex ante premium over the 1926-97 period, then the IBES earnings forecasts deliver a fair value of around 800.

(Chart Omitted)

Captioned as: Chart 3. 1

Alternatively, one might attempt to justify the use of a rather higher assumption for real dividend growth than the long-term historical average of 1.9 per cent p.a. Specifically, consider the commonplace textbook assumption that
Dividend growth rate = Retention ratio x Return on equity (ROE) ... (2)

Table 4 displays alternative estimates of the implied dividend growth from existing measures of the retention ratio and return on equity. It demonstrates that, if one were willing to extrapolate the current ROE, one could justify much higher dividend growth assumptions; e.g. if one uses the return on equity measured at book value, and assumes that it can be sustained at 18 per cent, one obtains the staggering implication of a dividend growth rate of over 10 per cent p.a.!

Book value, however, is not an appropriate economic concept. First, by using historical prices, the book value obviously understates the value of the capital stock for inflation-related reasons. Even if the annual inflation rate is currently low, given that the capital stock is long-lived, the distortion can be substantial. Second, if the improved :management of the company leads to higher productivity or greater

responsiveness in product type to consumer tastes, the value of a firm can rise significantly above the inflation-adjusted historical cost of the capital stock. Also, in recent years, there are reasons to believe that book value has been understated because of a major accounting change, FAS 106 (see Cole et al., 1996, for a further discussion of this issue). Consequently, we would prefer to use an alternative measure of return on equity. If one uses the ROE using market capitalisation as the denominator, the implied long-term growth rate of dividends falls to 2 per cent p.a. If, instead, one uses the government's estimates of the replacement cost of capital for all non-financial firms in the economy, the ROE rises to 8.4 per cent, and the associated long-term growth rate of dividends is around 5 per cent p.a. though one is dubious about the computation of replacement cost because of the absence of a decent secondary market for the physical capital stock.

(Table Omitted)

Captioned as: Table 3.

Table 4.

All of the above estimates, however, assume a higher retention ratio than would prevail if the current ratio of share buybacks to dividends continued. Adjusted for buybacks, the current retention ratio falls to 33 per cent (from the conventionally measured 58 per cent). Consequently, the implied longterm growth rate of dividends falls to either 1.2 per cent (using the market value of equity as the base), or to 2.8 per cent if one uses the replacement cost of the capital stock instead.
Of course, using some of the estimates of dividend growth can imply rather higher estimates of the fair value of the S&P500 (see table 5). If we use the buyback-adjusted retention ratio and dividend yield, then, measures of implied dividend growth that rely on replacement costs or market values yield estimates of 'fair value' for the S&P500 ranging between 480 and 650 even if we assume that the 'warranted' risk premium is only 4.3 per cent (versus 7 per cent). However, if we use the dividend growth assumption that would be implied by the ROE measured at book value, and assumed that this superior performance could be sustained, the implied fair value of the S&P500 rises to above 2000, so the equity market would appear significantly undervalued. Of course, for all the reasons mentioned above, we believe an ROE measure based on book values to significantly overstate the true return. Nevertheless, we are struck by the fact that many Wall Street strategists only compute the market's ROE at book value. This may well be influencing current market valuations. Since the above estimates are much closer to the current value than any of our previous estimates, it behoves us to examine this issue more closely.

3. The 'new economy' and earnings growth There are several strands to the view that there has been a profound alteration in the way that the US economy works, and that this therefore suggests that a significantly higher path of earnings growth may be possible.
3.1 Are recessions less likely?

(Table Omitted)

Captioned as: Table 5.

One aspect of this view is that a variety of factors are likely to make recessions less likely. This belief is perhaps best epitomised in the following quote from The Wall Street Journal in 1996:

"From boardrooms to living rooms and from government offices to trading

floors, a consensus is emerging. The big, bad business cycle has been tamed. " (15 November, 1996).

If recessions were less likely, we would expect to see less earnings volatility which, in turn, should stimulate investment and, thereby, the growth rate. In addition, lower earnings volatility might also justify a lower equity risk premium.

On Wall Street, a good, representative statement of this view may be found in Dudley and Mckelvey (1997). They point to the fact that over the 1982-97 period, the economy was in recession only for about 5 per cent of the period, as compared with about 25 per cent of the time over the 1945-81 period. They attribute the increased longevity of economic expansions to several structural changes in the US economy including:

The increased adoption of just-in-time inventories, which has led to the ratio of inventories to sales in the manufacturing sector hitting historic lows. Because US companies now respond more quickly to a fall in demand, this reduces the risk of a large inventory overhang, which, historically, has accounted for a significant share of the GDP decline during recessions.

(ii) 'Just-in-time' capital:

Shorter delivery lags for capital equipment (capital equipment excl. aircraft: is now shipped less than three months after the order is booked - twice as fast as it was fifteen years ago) have helped alleviate late-cycle upward pressures on price inflation.

(iii) International diversification: Because the share of foreign goods and services

in final sales to US agents has doubled since 1980, a demand slump in the US has less impact on US production than it previously did. (iv) Increased globalisation has led to greater price/ wage flexibility.

There is a little bit of academic evidence that is suggestive of the notion that between 1984-97, something different did happen to US output volatility. McConnell and Quiros (1998) do find a structural break in the volatility of US GDP growth since the first quarter of 1984, largely emanating from a reduction in the volatility of durable goods production. In turn, the reduction in durables volatility appears to correlate with a decline in the share of durable goods accounted for by inventories.

A related view is that recessions are typically caused by central bankers who raise interest rates to deal with inflation, and since inflation is so quiescent (because of globalisation), there is no reason for interest rates to go up and, hence, no danger of recession. For example, Dornbusch (1997) states that:

"None of the US expansions of the past 40 years died in bed of old age, every one was murdered by the Federal Reserve."

However, it is one thing to observe a reduction in output volatility and improvement in the outputinflation trade-off. It is quite another thing then to conclude that this, therefore, implies the end of all business cycles.

First, one should recall that previous, long-lived economic expansions also led to the misplaced belief that the business cycle was a thing of the past. Writing in the late 1920s, it would have been almost equally easy to come up with statistics suggesting that recessions were much less likely

than in previous decades.

Second, even since mid-1997, many on Wall Street have continued to speak of the near-invulnerability of the US economy. It seems odd that one could simultaneously observe some of the most vicious economic downturns that the world has seen since the 1930s in Asia, but still believe that, somehow, the US would not experience severe recessions any more. While there are surely many causes of the Asian economic crisis, including some significant structural problems, it is difficult to believe that financial market overshooting did not exacerbate the economic downturns there. (Think, for example, of the move of the Indonesian rupiah from 2500 to 17,000 and back to around 8,000 now.) Also, there are obvious parallels with Japan, where the equity mania of the late 1980s has now been followed by many years of disappointing levels of economic activity. It stril.es us as somewhat complacent to believe that financial markets in the US would not be prone to (qualitatively) similar overshooting and could, thereby, trigger a recession in the US too.

Third, and perhaps most importantly, Greenspan (1998a) asserts that

". . . there is one important caveat to the notion that we live in a new economy, and that is human psychology. . . The way we evaluate assets, and the way changes in those values affect our economy, do not appear to be coming out of a set of rules that is different from the one that governed the actions of our forebears . . . "

This goes to the heart of the thesis of this article, in that, if for some reason the US stock market level does mean-revert to some estimates of 'fair value', the notion that the US does not experience recessions will quickly be seen as rather misguided.

Recent events have led Wall Street economists to lower their GDP growth forecasts for next year, and one or two are even whispering recession. However, they may be underestimating the risk that the virtuous cycle enjoyed by the US economy over the past few years might be about to turn into a vicious cycle. The economic stability of the US economy has contributed to higher share prices which, in turn, has boosted consumption (wealth effect) and investment (lower cost of capital). The higher investment has boosted labour productivity growth, while higher share prices have also kept measured labour cost growth in check, as cash pension contributions can fall. The associated rise in profit margins has allowed stock prices to rise. Of course, if share prices were now to fall, the above benign, self-reinforcing process could turn into a destructive, vicious cycle - just as in Asia over the last year.

It is, perhaps, worth reminding ourselves that, historically, investment-led booms have sometimes ended in tears. Stock market-induced growth in investment normally implies that over-heating and inflation are delayed (as supply expands through the recovery). If the stock market then falls, investment and consumption are hit, and unlike consumption-led booms, excess capacity emerges quickly, and there is pressure on prices to fall. Obvious examples of investment-led recoveries that ended badly include the US in 1924-9, and Japan 1984-9. If things were to go wrong now in the US, the effects might be long-lasting, as is all too evident in Japan currently, which is still struggling, eight years after its stock market peaked.

3.2 Computers and higher productivity growth There are those who believe that one reason why US share prices are justifiably high is that there has been an acceleration in productivity growth, arising in part from computers, the Internet etc. (for a robust statement of this view, see e.g.

Zuckerman, 1981).

However, notwithstanding a stronger showing in the last two years, output per hour has only risen at about 1 per cent p.a. in the private, non-farm sector over the last ten years. Recall that although computers and the Internet open up many new opportunities, the same has been true of technical advances through history. Is it really the case that the productivity improvements implied by the steam engine, the telephone or the aeroplane were less than that implied by the computer?

Sichel (1997) shows that although the returns on computer hardware are high (probably over 30 per cent), the short service lives of computers implies that their contribution to overall productivity growth must be small. The key point is that computers make up only a small fraction of the US capital stock (about 2 per cent at the end of 1996). Consequently, Sichel argues that the contribution of computer hardware to productivity growth has been about 0.2 per cent p.a. over the last two decades.

Alternatively, one might argue that the productivity data are wrong. Of course, it is not enough to assert that the level of productivity growth is mismeasured (it always has been), but that the degree of mismeas-urement has got worse over time. It is possible that the rising share of the service sector in overall output implies that the degree of measurement error might have got a little worse - however, one would have to assume a rather implausibly great increase in the measurement error in order to rationalise the Wall Street earnings forecasts.

paradigm' can be found in the fact that analysts, who must know their companies well, continue to project such healthy earnings growth. There are grounds for scepticism.

(Chart Omitted)

Captioned as: Chart 4.

First, chart 4 shows the difference between analysts' forecast and actual earnings growth. Although there have been some instances when forecast growth was too low, for over 80 per cent of the period, analysts have been more optimistic than the actual outturn, with an average one year-ahead forecast error as high as 7.2 percentage points!

Why are analysts systematically over-optimistic? One candidate explanation is that so-called sell-side analysts (i.e. analysts who work for firms that offer a brokerage service, and are therefore attempting to sell shares) usually service both fund managers and corporate (investment banking) clients. It is sometimes difficult to do business with a corporation if your analyst is bearish about the company's prospects.

Chart 5 shows that, over the period for which both surveys are available, the 'sell-side' earnings forecast for the S&P500 has been consistently higher than the buy-side numbers (based on surveying fund managers who buy/sell shares for their client funds). Between January 1995 and April 1998 the gap between the two forecasts averaged 7171/2 per cent - the same as the average bias in the sell-side forecasts over the last ten years. Since early 1998 the two series have actually moved in opposite directions (i.e. sell-side analysts still expect earnings growth of 16 per cent over the next year, but buy-side strategists are only looking for a 2 per cent increase). If one accepts the proposition that sell-side analyst forecasts for earnings growth are usually somewhat over-optimistic and are now grossly over-optimistic, then one has removed a critical potential source of support for the level of the US equity market.

3.4 Is the current high return on equity sustainable? Even if productivity growth has risen, in order to justify the higher dividend growth assumptions necessary to justify the current valuation of the US equity market, one has to assume that, for some reason, return on equity can remain sustainably so high.

On Wall Street, it is indeed fashionable to point to the current high ROE as the explanation for the level of the stock market - this, after all, is what underlies the fashionable Economic Value Added (EVA@3 hereafter) approach to market valuation.

(Chart Omitted)

Captioned as: Chart 5.

For example, in arguing that the S&P500 was modestly undervalued (by about 8 per cent), the Goldman Sachs US Strategy team, Einhorn et al. (1998), assumed that the spread between a company's return on capital (ROC hereafter) and its weighted average cost of capital (WACC hereafter) would be equal to its 1998 level (approximately 4.4 per cent) in perpetuity! This assumption is especially remarkable given that the ROC-WACC spread is, on their own numbers, currently at a record high (for the admittedly short sample of 1986-98). Note that the average value of the ROC-WACC spread over the 1986-98 period is about 1.6 per cent. It is striking that one has to assume that the ROC-WACC spread has to average more than 21/2 times its 1986-98 historical average in perpetuity in order to justify current equity market valuations in the US.

However, the presumption that the ROC-WACC spread (or the ROE) can be sustainably high in the US is at variance with both theory and history. Standard considerations of product market competition suggest that any super-normal profits :must ultimately be competed away. A strange aspeci: of the 'new paradigm' view is that we are supposed to believe simultaneously that the competitive forces unleashed by globalisation induce higher productivity growth and greater wage flexibility explicitly, but, implicitly, that the increase in global competition does not prevent the increase in monopoly power that is necessary to preserve the current high ROE.

Next, if we turn to the empirical evidence, we are, first, much impressed by the evidence reported in Siegel (1998), which suggests that, for the US over the past two hundred years, real returns on equity have been remarkably stable over the long run (for a variety of sub-periods consisting of at least fifty years) in the 612-72 per cent region (see table 6).

Of course, over this period, the US economy has seen significant change. During 1802-71, the US evolved from an agrarian tc, an industrialised economy, while the 1871-1925 period saw it emerge as the foremost industrial power. During the postWWII 1946-97 period, it has now evolved into a postindustrial, service- and technology-oriented economy. All this while, long-period averages of real returns on equities remained in a fairly narrow range, although with significant short-run variation; compare the negative real return over the 1966-81 period, with the above-average 12.8 per cent gain over the 198297 period.

Hence, through a long period of significant technological and other change, we have seen a tendency for real equity returns to revert to a constant value. This is interesting, especially as economic theory does not predict that the ROE is a physical constant, but the tendency for mean reversion is

suggestive of the notion that ROE gains from significant technological change are probably transient. Second, economic theory does, of course, suggest that, in the long run, the return on equity should equal the cost of capital. In this respect, table 7 (taken from Smithers and Wright, 1997) is interesting, in that it does suggest approximate equality (after allowing for the associated standard errors) of the returns earned on the underlying business with the cost of capital as proxied by the earnings yield or the actual, ex post return earned by holding equities.
(Table Omitted)

Captioned as: Table 6. .i

The evidence appears to suggest that the return on equity must ultimately equal the cost of capital (in line with standard economic theory), and would imply, in the current context, that either the return on equity falls (through increased competition), or the earnings yield rises in order to meet the higher ROE. In either case, share prices would be likely to fall.

Of course, sophisticated users of the EVA methodology understand that the gap between ROE and COC must be transient. However, as we saw in section 3.1, even if we assume that the current gap prevails over the next six years, it is difficult to rationalise the current level of the US equity market without simultaneously believing that the equilibrium ERP has fallen significantly.

(Table Omitted)

Captioned as: Table 7.

We turn now to consider whether we might rationalise the level of the US equity market by being able to justify a low equity risk premium.

4. Should the equity risk premium be lower than its historical average?

Our discussion above was crucially predicated on the ERP reverting to its long-term historical average (either ex post or ex ante). However, those who are bullish about US equities would disagree with that presumption on a variety of grounds. We consider these in turn.

4.1 'The equity premium puzzle' In the theoretical literature, of course, Mehra and Prescott (1985) have argued that the historical level of the ex post US ERP (over the post 1926 period) is puzzlingly high. In their model, individuals were assumed to have additively separable utility functions (i.e. the utility of consumption in a given year does not depend on consumption in other years), and constant relative risk aversion. The relevant parameter in their model is the coefficient of relative risk aversion, A, whose interpretation is that if consumption falls by 1 per cent, then the marginal value of a dollar of income increases by A per cent. In their model, Mehra and Prescott found that to explain the historic equity risk premium, A needed to be between thirty and forty, which was deemed to be much too high. To see why this is so, consider a gamble where there is a 50 per cent chance to double your wealth, and a 50 per cent chance to have your wealth fall by half. If A = 30, then you have the absurd implication of being willing to pay 49 per cent of your wealth to avoid the 50 per cent chance of losing half your wealth. The Mehra-Prescott paper has been enormously influential, and has spawned a whole new literature.

However, it is possible to constr uct a variety of theoretical models which deliver a much higher level of equity risk premium. (See Siegel and Thaler, 1997, or The Economist, 1998b, for surveys.) Examples of this include:

(i) Effect of a borrowing constraint: Constantinides, Donaldson and Mehra (1998) consider an overlapping-generations (OI.G) economy in which consumers are subject to a borrowing constraint. The bulk of the future income of the young agents is derived from their wages forthcoming in their middle age. The stock market does potentially offer a good hedge against these uncertain wages, and young agents would be better off if they could borrow while they were young to invest in equities. However, the borrowing constraint prevents them from doing so. It is the middle-aged who hold a diversified portfolio of bonds and equities, as the uncertainty about their future wages has diminished and they no longer need equities to hedge their bets. Clearly, such a model delivers a rather higher ERP than one without a borrowing constraint.
(ii) Myopic loss aversion: Benartzi and Thaler (1995) make three key assumptions: Agents are assumed to derive utility from returns, not the overall level of assets. (b) Investors display 'loss aversion' i.e. losses are assumed to hurt significantly more than gains yield pleasure.

(c) Even long-term investors are assumed to evaluate their portfolios frequently. They find that they can explain the size of the historical (ex post) ERP by using the previously estimated parameters of Prospect Theory (see Kahneman and Tversky, 1979) provided that investors evaluate their portfolios annually. Their result is of particular interest since their assumptions appear to be quite plausible in the light of commonly observed behaviour.

(iii) A liquidity-based asset pricing model: In some interesting new work, Holmstrom and Tirole (1998) consider the implications of an alternative approach to asset prices based on industrial and financial corporations' desire to hoard liquidity to fulfil future cash needs (i.e. LAPM: a Liquidity-based Asset Pricing Model). For simplicity, they assume that consumers are risk neutral, so that shares and bonds alike would trade at par in the standard consumption CAPM. However, in the LAPM, Treasuries offer better insurance against shortfalls in corporate earnings and other liquidity needs than do shares, and this fact can generate an ERP (so households hold equities, firms bonds).

Once again, a plausible attempt to incorporate some real-world features appears to go some way to resolving the so-called ERP puzzle. (iv) Time-variation in the price of risk: In the years following the publication of the Mehra-Prescott paper, considerable effort has been devoted to modifying the utility function they used. One amendment broke the rigid link between the coefficient of relative risk aversion and the elasticity of intertemporal substitution. Another allowed the utility of consumption to depend on a comparison of current consumption and some benchmark; i.e. 'habit form;ation' required the benchmark to be prior leveLs of consumption, while 'catching up with the Joneses' required the benchmark to be the consumption level of others. All these modifications partially 'worked' in that they reduced the level of A needed to explain the level of the equity premium. However, they either left the required level of A as being 'too high' or could not simultaneously explain a low real interest rate. Building on this line of work, Campbell and Cochrane (1997) have proposed an intriguing model where utility is a power function of the difference between consumption and 'habit', where habit is a slow-moving nonlinear average of past aggregate consumption. This utility function makes the agent more risk-averse in bad times, when consumption is low relative to its past history, than in good times, when consumption is high relative to its past history. High stock market volatility is explained by a small amount of underlying consumption risk being amplified by variable risk aversion, while the equity premium is explained by high stock market volatility, together with a high average level of risk aversion.

In surveying the theoretical literature on the equity risk premium, we hope that we have established that there is no strong theoretical presumption that the historical ex post ERP is too high. We turn now to consider some alternative explanations for why the risk premium may be justifiably low currently.

4.2 Lower inflation and a lower equity risk premium We have known, at least since Modigliani and Cohn (1979), that lower inflation has, in recent times, been associated with a lower ERP. This has led many to argue that there is no bubble on Wall Street; e.g. Gavyn Davies (1998), writing in May 1998, argued that the low CPI inflation rate in the US suggested that there was "no sign of an equity bubble".

The main 'theoretical' justifications for the link between lower inflation and a lower equity risk premium rely on:

(i) 'Inflation illusion', A la Modigliani and Cohn (1979), who argued that investors incorrectly compare a real variable, i.e. the dividend yield, with a nominal variable, i.e. the nominal interest rate (the MC hypothesis, hereafter).

(ii) 'Tax effects': see e.g. Feldstein (1982), who argued that non-neutralities in the tax system might explain the effect. However, Modigliani and Cohn (1984) offer evidence suggesting that the tax effects cannot be the source of the negative link between inflation and PIE ratios.

Now, it is undoubtedly true that if you allow lower inflation to determine the warranted level of the equity risk premium, then the S&P500 is much less overvalued than our earlier sections have implied. If we regress the equity risk premium on the inflation rate, and restrict ourselves to the post-WWII period, the warranted risk premium today would fall to 2.8 per cent, which is rather lower than the numbers that we considered earlier (i.e. warranted risk premia ranging between 4.3 and 7 per cent).

In row I of table 8, we assume that the long-term dividend growth rate is that implied by extrapolating the current ROE (at replacement cost) and that the real interest rate is lower than that implied by the current TIPS yield (i.e. 3 per cent rather than 3.7 per cent). Further, we make a share buyback adjustment to the dividend yield. On doing so, we obtain a warranted price of 977. However, the assumptions in Row I are almost certainly over-optimistic. If, instead, we assume that dividend growth is likely to conform only to long-term historical averages, the implied fair value falls to 755, and using the TIPS yield as the real interest rate causes a further fall to 637.

Although I have previously believed in the hypothesis that lower inflation implies a lower ERP (see e.g. Wadhwani, 1986, or Davies and Wadhwani, 1988), there are several factors which make me increasingly queasy about continuing to rely on this hypothesis.

(Table Omitted)

Captioned as: Table 8.

(Table Omitted)

Captioned as: Table 9. Table 10.

First, the inflation-equity return link is not stable over time. Using three centuries of UK data, the results of Mullins and Wadhwani (1989) may

be found in table 9.
Note that over the 1705-1913 period, higher inflation was actually associated with higher equity returns. This positive relationship became less secure over 1914-49, before being transformed into a negative relationship over 1950-83. Notwithstanding this lack of robustness, I had drawn some comfort from another result of Mullins and Wadhwani (1989), which had suggested that a negative relationship between nominal interest rates and equity returns had prevailed over various sub-periods (table 10).

However, a second, more disturbing development has since occurred. It is what has happened in Japan in recent years. The results in table 11 show that, although, over the period 1970-92, Japanese equity returns were negatively related to the level of the interest rate, this relationship appears to have broken down subsequently. Now, lower interest rates are associated with lower equity returns, and this remains true even if one corrects for economic growth expectations.

Third, the most plausible story for why lower inflation leads to a lower equity risk premium is the MC hypothesis. It is a story with which many academic economists are uncomfortable but, in practice, the vast majority of Wall Street strategists do compare the P/E ratio to the inflation rate or the nominal interest rate, rather than the real interest rate. It is, therefore, disturbing to see broker circulars which argue that the world is about to enter a deflationary period and that, just as in the 1930s, lower interest rates will not necessarily help equities. (A prominent proponent of this view is Barton Biggs, chief global strategist of Morgan Stanley.)

As in the Japan of the 1990s, it is at least possible that a new social convention that questions whether low inflation really justifies US stock market valuations may yet emerge.

Anyhow, notwithstanding the link between inflation and the ERP, there is a body of opinion which suggests that the equity premium deserves to be much lower than in the past for other, secular reasons. It is important to emphasise that our results in table 8 which suggested rather higher fair values for the S&P500 than earlier in the paper were driven by both the postulated link between inflation and the ERP, and the possibility that, in recent years, the ERP has been systematically lower than in the past.

4.3 Have shares been undervalued throughout history?

Siegel (1998) argues that all comparisons of the ERP to historical averages are rather meaningless because ". . . stocks have been chronically undervalued throughout history. This has occurred because most investors have been deterred by the high short-term risk in the stock market and have ignored their long-term record of steady gains. . . One interpretation of the current bull market indicates that investors are finally building equities up to the level that they should be on the basis of their historical risks and returns."

(Table Omitted)

Captioned as: Table 11.

Siegel's key argument about the relative riskiness of shares and bonds over different time horizons is summarised in table 12. Although, over a one year horizon, equity returns are about three times as volatile as bond returns (as measured by the annual standard deviation of returns), over a 20-year time horizon, shares are actually less volatile than bonds. This is because, while long-term equity returns display mean reversion (i.e. several bad years are more likely to be followed by good ones), and

therefore the standard deviation of n-year returns decreases faster than the square root of n, long-term bond returns display the opposite tendency, and therefore the standard deviation of n-year returns decreases more slowly than the square root of n. Hence, for n high enough (in this case n = 20 is sufficiency), we would expect equity returns to become less volatile than bond returns.
Relatedly, table 13 shows the percentage of times that equity returns outperform bond returns over various (overlapping) holding periods.

Note that, as the horizon extends, the probability that equities will outperform bonds rises from a lowish 60 per cent on a one-year horizon, to almost 100 per cent for a 30-year horizon ki.e. the last 30-year period in which bonds beat equities is that ending in 1861, at the onset of the US Civil War). Hence, for long-term investors, fixed income securities have almost always underperformed, with no 20-year period in US history (since 1802) when the average annual return on shares has been negative, although this is not true of bonds. Consequently, Siegel and Thaler (1997) even suggest that, perhaps, the ERP should be negative.

Glassman and Hassett (1998), writing in March 1998, argued that Siegel's findings suggested that ". . . there should be no need for an ERP at all", and that, therefore, the market could justifiably rise at least another 100 per cent (the S&P500 = 1094 on that day).

Others, too, have attempted to make the case for the equity risk premium being set to zero. For example, writing in May 1998, Morgan Stanley's US equity strategist, Byron Wien, in his piece Risk Premium R.I.P., argued that the "risk premium is dead", and that the reasons why the equity investment environment is less risky include:

"There is no threat of world conflict... The International Monetary Fund moves quickly to help countries in financial distress . . . Capitalism is recognised as the economic system of choice everywhere... There is no recession in sight . . . American prosperity is structural, not transitory. " 4.4 The equity risk premium has probably fallen in the post-WWII period

(Table Omitted)

Captioned as: Table 12.

Table 13.

Even before the recent significant increase in US share prices over the 1994-8 period, there were reasons to believe that the ex ante ERP had already fallen.

In the late 1950s, equities famously switched from yielding more than bonds to less than bonds, and the so-called 'cult of equity' was born. In a contemporary account of this phenomenon in Fortune magazine, Burck (1950) argued that a big movement into equities led by "knowledgeable institutional investors" had occurred because:

(i) Over the years, shares had demonstrated a su

periority to bonds.

(ii) Because of built-in stabilisers like unemployment insurance and owing to the Government's use of monetary and fiscal policy, investors had stopped fearing any massive decline in earnings (like that of the 1930s), because it was no longer believed that a recession would even snowball into a depression, or that deflation would ever occur.

Chart 6 shows that the ERP has indeed displayed a clear trend decline since the early 1950s, when it peaked at over 10 per cent. (Note that our estimated risk premium is highly correlated with Blanchard's, 1993, more sophisticated measure). Wadhwani and Shah (1993), looking at the same issue for the UK equity market, find a statistically significant relationship linking the ERP to pension fund equity weightings; i.e. as the equity weightings rose, the estimated risk premium, other things being equal, appeared to fall. Hence, it is clear that the ERP is, not even over 10-year periods, anything approaching some fixed, physical constant. Instead, it is perhaps consistent with Shiller's (1993) sociological hypothesis that the ERP evolves as a result of collectivelyheld popular models changing over time. Alternatively, Greenspan's (1998b) emphasis on the psychological influences on the ERP may be relevant.

Historical evidence over the last two centuries for the US and the UK suggests that the risk premium varies significantly between different decades (see table 14). Note that, for the sub-periods, leading up to 1926, using arithmetic returns, the US; risk premium varied between 3-4 per cent, before rising to the historically anomalous 7 per cent in the 1926-97 period. The story for the UK is similar - a risk premium in the 2/2-3 per cent range up to 1938, but much higher after WWII.

It might be tempting to look at the rather lower risk premium in the 1982-97 period (3.3 per cent) and argue that this is the new equilibrium level, but it is important to be careful about drawing that conclusion from such a short sample period. For example, would it have been appropriate to assume that the correct risk premium was -0.1 per cent after the 1966-81 experience?

4.5 Should the risk premium be zero? The notion that the ERP should be zero is problematic.
First, to the extent that Siegel's argument is predicated on long-horizon returns, note that there are good reasons for why risk over the short horizon is relevant. For example, some individuals may be close to retirement, and borrowing constraints may preclude the young from driving the price of equities up to yield a zero risk premium. Second, with a probabilistic length of life, not even the young would accept a zero risk premium. Third, once investment decisions are delegated to a fund management company, asymmetric information and moral hazard considerations give rise to standard agency problems. Pension fund managers are reviewed regularly. It would be extremely rare just to leave one's money with the same manager for twenty years without regular, interim performance reviews.

(Chart Omitted)

Captioned as: Chart 6.

(Table Omitted)

Captioned as: Table 14.

Doubtless the increased public awareness of the fact that, historically, shares have outperformed bonds has had an impact on behaviour in recent years. Inflows into mutual funds have increased significantly, and a culture of 'buy the dips' has been created.

In addition, lower inflation and earnings volatility may also have reasonably contributed to a fall in the warranted ERP.

4.6 'Best guess' estimate of the current risk premium For what it is worth

(there is some inherent subjectivity in this process), table 15 reports my crude, 'best guess' of the current risk premium. For the dividend yield, I would make the buyback adjustment (alternatively, I could have modified the dividend growth assumption). To estimate the real interest rate, it seems reasonable to subtract, say, 50 b.p. for the illiquidity premium from the TIPS yield. Finally, for the longterm dividend growth assumption, it does not appear unreasonable to modify somewhat the long-term historical growth assumption because of the higher current ROE, and we are probably too generous in splitting the difference between the two estimates. The above leaves us with an estimate of the current ERP of 1.7 per cent.

4.7 And, current expected returns are too high A fact that is worrying is that although today's ex ante ERP is low, there is no sign that investors are actually reconciled to low returns. Surveys of individual investors in the US regularly suggest that they expect returns above 10 per cent, which is obviously unsustainable. For example, in a survey conducted by Montgomery Asset Management in 1997, the typical mutual fund investor expected annual returns from the stock market of 34 per cent p.a. over the next ten years! Other more recent surveys of US individuals suggest expected returns in the 12-15 per cent area. Most US pension funds operate under actuarial assumptions of equity returns in the 8-10 per cent area, which, with a dividend yield under 2 per cent, and nominal GNP growth unlikely to exceed 5 per cent, is, again, unsustainably high. A recent survey of financial economists indicated an average estimate of the ERP of 6 per cent, with most suggesting a figure between 4 and 8 per cent (see Welch, 1998).

(Table Omitted)

Captioned as: Table 15.

Although the measured ERP seems low and has, in part, for good reason, been declining in the postWWII period, its current level does not appear to be a sustainable equilibrium.

5. The interaction between the US economy and global economic prospects
Our objective here is not to pretend that we can forecast global economic prospects. Instead, we are more concerned with considering the implications of the current low level of the US equity risk premium for the global economy under alternative scenarios.

5.1 The likely role of the US stock market in a global recession Typically, the US stock market falls by 20-30 per cent in advance of recessions. However, the issue of interest, and the main reason for the extensive discussion of the stock market earlier in this article, is whether the stock market might plausibly fall rather more.

We noted earlier that the economic theory of the equity risk premium is incomplete, that it is plausible that social conventions and human psychology play an important role in its movement and that, historically, the risk premium has been subject to large swings over time, i.e. the markets can alternate between tending to the view that no equity risk premium is necessary to one where there is extreme aversion to risk and a flight to liquidity. We have obviously seen aspects of this phenomenon in the fixed income markets this time, but the US equity market so far has been somewhat immune to this phenomenon. It would be imprudent to rule out the possibility that, as attitudes towards the stock market change (recall that we discussed earlier that many individuals have unrealistic expectations of returns from the market), that we do see a very significant decline in the US stock market.

Obviously, a significant decline in the US stock market will hurt the US economy. Conventional estimates (e.g. the OECD) suggest that a 20 per cent decline will reduce GDP growth by only 0.2 per cent in the first year, though this rises to 0.6 per cent by the second year. We wonder if this understates the actual likely effect. First, note that on some measures, the exposure of US household wealth to Wall Street is unprecedented by post-WWII standards (e.g. equities as a per cent of US household net worth are at a record level). Second, the household savings rate is at a post-WWII low. Third, most existing models assume that it is the level of stock market wealth that matters, so, notwithstanding the recent decline, the fact that Wall Street is higher than it was twelve months ago is a source of comfort. However, there is evidence that the change in stock market wealth has an additional effect, over and above a standard level effect. Hence, the first year effect of a stock market decline could be much bigger than conventional estimates allow for. Of course, corporate investment is also vulnerable to a downturn in the stock market for conventional, cost of capital reasons. With a much higher proportion of managerial wealth linked directly to the stock market (through stock options), one wonders whether the impact on managerial confidence could have a disproportionate impact on corporate investment. It is not difficult to see a vicious circle developing, where economic weakness and stock market falls come to feed off each other.

5.2 The 'soft landing' scenario and its implications for US equities

Alan Blinder, former vice-chairman of the Federal Reserve, was recently quoted in The Economist (17 October) as saying that:

"For the US economy to go into G' significant recession, never mind a depression, important decision-makers would have to ta,te leave of their senses."

Clearly, if there is no recession, and interest rates are flat to lower, there is a chance that US equities go higher, with the possibility of a further squeezing of the ERP. After all, individual equity investors who did not buy the recent dip in share prices will tell themselves not to miss the next such buying opportunity. Moreover, Fed statements suggest that it will cut interest rates again if conditions worsen. Hence, many market participants believe that the Fed has implicitly promised to protect the US equity market on the downside.
The 'imbalance' that has built up in the form of the rather low ERP in the US equity market may, at that point, have a significantly deleterious effect on the US economy. While one must be careful about trying to draw simple comparisons, it is possible that the recent US 1998 share price correction might turn out to play the same role as the worldwide 1987 crash had in Tokyo.

Once that correction had proved (with the help of policy) to be transient, equity valuations got much more extreme, and imbalances built up elsewhere in the economy. When the hard landing eventually arrived in 1990, it had the significant, long-lasting impact on the economy that we are all now familiar with. This naturally leads us to ask whether the Fed should actively attempt to influence the stock market.

5.3 Should central banks attempt to influence the stock market?

Clearly, a central bank that was concerned about the consequences of allowing an 'imbalance' to develop in the stock market might consider attempting to use policy to influence the stock market. The arguments for allowing asset prices to influence monetary policy include:

Asset prices belong in a correct measure of inflation: In their classic paper on this subject, Alchian and Klein (1973) argued that conventional price indices like the CPI were misleading because they only included current service flow prices, and ignored implicit prices of future service flows. Since agents that maximise inter-temporal utility must clearly care about future prices, asset prices become relevant as they are sources of future services, and they therefore provide a clue to the price of present claims on future consumption.

While there are obvious practical difficulties associated with computing such an intertemporal price index, the solution to these difficulties can hardly be to ignore asset prices. Yet, Goodhart (1995) reports that at the two conferences at which he proposed the possible use of an Alchian-Klein-style price index, none of those present would have been happy to see such an index used as the main measure of inflation.

(ii) Overvalued asset prices lead to distortions: As The Economist is fond of pointing out (see e.g. The Economist, 1998a), just as high consumer price inflation can lead to a misallocation of resources, overvalued share prices can, by reducing the cost of capital, induce over-investment in new machinery/buildings etc. A justification for asking central banks to target consumer price inflation is to avoid the misallocation of resources. Surely, the same argument should also apply in the case of asset prices - at least the price of investment goods should be included - as in the GDP deflator.

(iii) Potential Financial System Fragility: It is possible that the financial system can become vulnerable and fragile because of a built-in reliance on the continuance of favourable asset price trends. This was almost certainly a contributory factor to the Asian crisis of 1997, and to the build-up of problems in the Japanese banking sector in the late 1980s.

Arguably, the recent tolerance for gearing in 1998 in the US (as exemplified by the near collapse of Long Term Capital Management) is symptomatic of the excesses that are encouraged by overvalued asset markets. We all know from historical experience (e.g. Japan in the 1990s, the Asian tigers after 1997, the Scandinavian economies in the early 1990s) that asset market hangovers can have a significant impact on subsequent growth. It must make sense for the central banks to be pre-emptive and prevent the asset price bubble, so as to avoid the nasty, subsequent hangover.

However, most central bankers and academics appear to be hostile to the notion of taking direct action to deal with asset price bubbles. For example, in a recent symposium on asset prices and monetary policy, all four authors (see CEPR, 1998) argued against directing policy instruments to deal with potential stock market bubbles. A representative example is: ". . . it is not clear why central bankers should have more information about asset fundamentals than private market participants. Perhaps there has been a rise in trend productivity growth that can support a higher rate of dividend growth than in the past. . . In short, while we cannot rule out that the sharp stock price increase does reflect a bubble, we cannot rule out that it does not". (Gertler, in CEPR, 1998).

Other participants at the symposium (two central bankers - Goodfriend and Issing, and an academic Spaventa) argued along similar lines.

It is odd that central bankers treat asset prices with greater circumspection than other variables that they have to deal with. For example, it is difficult, if not impossible, to measure the natural rate of unemployment or the output gap. Yet, most G10 central banks manfully

attempt such a task, and then set policy on the basis of such estimates. Is it really easier to guess the level of the output gap thawhether an equity market is overvalued? While agnosticism is sometimes appropriate, it is notable that the same considerations of whether or not there had been an increase in the trend rate of productivity growth would also affect the outlook for consumer price inflation. Would we be just as content if central bankers turned around and said to us that they would not attempt to target consumer price inflation because they could not be certain whether the rate of productivity growth had changed?

G7 policymakers have, in recent years, been happy to intervene in the foreign exchange market and, arguably, have sometimes appeared to be successful (e.g. dollar-yen in 1995, the dollar after the 1985 Plaza agreement).Why, then, this reluctance to intervene in the stock market?

The current role of asset prices in central bank policy formulation is rather unsatisfactory, especially because of an important asymmetry. When share prices are rising, central bankers who warn against them are politically unpopular. Yet, when share prices appear to be at risk of falling significantly, central bank action that (indirectly) helps share prices go up is widely applauded. This asymmetry is how one gets unsustainably low levels of the ERP.

The current low level of the ERP in the US is worrying primarily because it threatens to exacerbate a hard landing when it eventually occurs. In an ideal world, the Fed should not have allowed this 'imbalance' to build up by taking pre-emptive action at a higher level of the ERP. With the current, fragile state of the world economy, now is probably not the optimal time to target the stock market. However, if a future opportunity presents itself, the Fed would be well-advised to avail itself of it.

Conclusions

Ultimately, we have to accept the fact that notwithstanding a variety of intriguing papers on the subject, our theory of the equity risk premium is seriously incomplete. Moreover, in practice, the ERP appears to display an ability to move pretty substantially, and we, as economists, have not always been able to explain it fully. Hence, it would be dishonest to pretend that one can assert confidently that the S&P500 is x per cent overvalued. In a memorable phrase, Malkiel (1998) argues that "I don't think it's possible for even the Almighty to know whether a market is 'over' or 'under' valued".

While we would not pretend to know the precise level of over/under-valuation of the US equity market, we know that:

(i) The ERP has fallen, and is currently towards the lower end of its historical range. (Our best guess estimate is that it is, currently, 1.7 per cent.) It is, therefore, extremely unlikely to fall much further.
(ii) Investors do not appear to be prepared for the lower returns implied by (i).

(iii) There is some chance of a global recession in the next two years.

(iv) The ERP can change quite rapidly.

The combination of (i)-(iv) tells us that there is above-average risk associated with owning US equities now, although none of this precludes the market going higher in the near term.

The risks associated with owning US equities also pose a risk to the global

economy. Were the market to move towards a more traditional multiple of earnings those earnings would themselves tend to be depressed converting a 25 per cent fall, for example, into something rather larger in a potentially cumulative process.

Sidebar:

The Review is pleased to give hospitality to CLARE Group articles, but is not necessarily in agreement with the views expressed; responsibility for these rests with the authors. Members of the CLARE Group are M.J. Artis, T. Besley, AJ.C. Britton, WA. Brown, WJ. Carlin, J.S. Flemming, C.A.E. Goodhart, J.A. Kay, R.C.O. Matthews, D.K. Miles, M.H. Miller, P.M. Oppenheimer, M.V. Posner, WB. Reddaway, J.R. Sargent, M.Fg. Scott, P. Seabright, Z.A. Silberston, S. Wadhwani and M. Weale.

Footnote:

3.3 What are we to make of analysts' forecasts? It is often argued that clear evidence for the 'new

Footnote:

NOTES

Footnote:

Using the arithmetic mean. The geometric mean yields a lower number (5.4 per cent), but, according to conventional finance theory, is arguably less appropriate.

2. E.g. Professor Richard Brealey of the London Business School in direct communication with the author. EVA is a registered trademark of Stern Stewart & Co.

Reference:

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* Tudor Investment Corporation. The views in this article are entirely personal, and in no way reflect the opinions or positions of the Tudor Group. This article could not have been written without the help received from Brian Bell. I am also appreciative of the comments received from members of the Clare Group, Olivier Blanchard, Richard Brealey, Mark Heffernan, John Macfarlane, Mahmood Pradhan, Andrew Smithers, Paul Tudor Jones and John Vickers. Of course, the usual caveat applies. The article assumes that the S&P500 = 1150.

GEOGRAPHIC NAMES: US

DESCRIPTORS: Equity capital; Securities markets; Recessions ; Global economy; Economic conditions; Statistical analysis; Studies
CLASSIFICATION CODES: 9190 (CN=United States); 1110 (CN=Economic conditions & forecasts); 3400 (CN=Investment analysis); 9130 (CN=Experimental/Theoretical)
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Set     Items   Description
S1        625   (SELECT? OR CHOOS? OR BUY? OR PURCHAS? OR INVESTING)(3N)(S-
                TOCK? ? OR PORTFOLIO? ? OR SECURITIES OR BONDS)(5N)(RATIO? OR
                FORMULA? OR FUNCTION)(5N)(BUYBACK? OR BUY()BACK?)
S2     525483   (GROUP? OR CLUSTER? OR CATEGORY? OR CLASS? OR SERIES OR PO-
                RTOLIO)(3N)(STOCK? ? OR SECURITIES OR BONDS)
S3         51   S1 AND S2
S4          6   S3 AND RANK?
S5          3   RD (unique items)
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5/3,K/1 (Item 1 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)

03922496 Supplier Number: 45665439 (USE FORMAT 7 FOR FULLTEXT)
FIRST CHICAGO CORPORATION AND NBD BANCORP TO MERGE
PR Newswire, pN/A
July 12, 1995
Language: English Record Type: Fulltext
Document Type: Newswire; Trade
Word Count: 1144

... as a

leader nationally
-- Annual cost savings approximating $200 million
-- Superior credit quality and capital **ratios**
-- $300 million common **stock** **buyback** prior to consummation of merger;or return to stockholders
-- Approximately $120 billion in assets at closing; estimated market capitalization of $11 billion, **ranking** among the top ten bank holding companies
Upon completion of the merger, estimated to occur...

...and stockholders of NBD
approximately 49.9 percent.
Each share of First Chicago's outstanding **series** of preferred **stock** will be exchanged for one share of preferred stock of First Chicago NBD Corporation with...

5/3,K/2 (Item 1 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

13859174 SUPPLIER NUMBER: 78542881 (USE FORMAT 7 OR 9 FOR FULL TEXT)
The Late Twentieth Century Great Growth Bubble.(Statistical Data Included)
SNIGAROFF, ROBERT G.; MUNSON, MICHAEL
Journal of Investing, 10, 3, 7
Fall, 2001
DOCUMENT TYPE: Statistical Data Included ISSN: 1068-0896
LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 7089 LINE COUNT: 00594

... be viewed as a form of corporate releveraging.
Exhibit 5 shows the net issuance of **stock** of U.S. companies (inverted scale) as a ratio of GDP as compared to the **ratio** of investable cash flow minus new capital expenditures to GDP. The level of **buy - backs** in recent years exceeds free cash flow.
Also shown is the level of investable borrowings...

...returns is obvious when one considers what happens using even a "long-run" historical return **series** . **Stocks** returned an annual compound 10.2% from 1926 through 1994. After five years of annual...changes in fund surplus. Trustees, management, and consultants compare and report their asset return percentile **rankings** . It's a vivid number. (3)
In general, the pension fund community is not acting...

5/3,K/3 (Item 2 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB

07948782 SUPPLIER NUMBER: 16905309 (USE FORMAT 7 OR 9 FOR FULL TEXT)
Five great ways to pick shares.(Column)
Michels, Antony J.
Fortune, v131, n11, p133(2)
June 12, 1995
DOCUMENT TYPE: Column ISSN: 0015-8259 LANGUAGE: ENGLISH
RECORD TYPE: FULLTEXT; ABSTRACT
WORD COUNT: 1139 LINE COUNT: 00090
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Set	Items	Description
S1	18	AU=(CAREY R? OR CAREY, R?) AND DIVIDEND?
S2	9	RD (unique items)

? t2/3,k/all

2/3,K/1 (Item 1 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

02224784 80621003
VA sales in first 6 months are less than half of last year's total
Carey, Rick
National Underwriter v105n36 PP: 11-14 Sep 3, 2001
ISSN: 0893-8202 JRNL CODE: NUD
WORD COUNT: 1548

Carey, Rick
...TEXT: for the second quarter.

The Dow Jones Industrial Average and the S&P 500 with **dividends** reinvested posted more modest gains of 6.3% and 5.9%, respectively. Overall, year-to...

2/3,K/2 (Item 2 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

02196968 75459772
Covering all the angles
Carey, Robert
Successful Meetings v50n8 PP: 48-55 Jul 2001
ISSN: 0148-4052 JRNL CODE: SMM
WORD COUNT: 2930

Carey, Robert
...TEXT: income tax by passing along at least 90 percent of its income to shareholders through **dividends**), and thus offered a huge competitive advantage to whoever bought it. When other suitors backed...

2/3,K/3 (Item 3 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

02132063 69650630
VA sales in 2000 felt the waves from the slide in equities
Carey, Rick
National Underwriter v105n11 PP: 11-14 Mar 12, 2001
ISSN: 0893-8202 JRNL CODE: NUD
WORD COUNT: 1530

Carey, Rick
...TEXT: many revealed the double-edged sword of falling account values coupled with money owed on **dividends** and capital gains distributions. With these facts in hand, one would expect that today's...

... Jones Industrial Average posted a negative 6.18% return, while the S&P

500 with **dividends** reinvested posted a negative 9.11% return.

For investors who were both new to the...

2/3,K/4 (Item 4 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

02100232 64950358
VA sales dip 8% in third qtr.
Carey, Rick
National Underwriter v104n49 PP: 1, 36+ Dec 4, 2000
ISSN: 0893-8202 JRNL CODE: NUD
WORD COUNT: 1183

Carey, Rick
...TEXT: percent, while the Dow was down 7.36 percent, and the S&P 500 with **dividends** reinvested was down 1.4 percent.

Top 25 Contract Sales

As of Oct. 31, 2000...

2/3,K/5 (Item 5 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01497343 01-48331
First half VA sales hit $41 billion
Carey, Rick
National Underwriter (Life/Health/Financial Services) v101n35 PP: 1, 60+
Sep 1, 1997
ISSN: 0893-8202 JRNL CODE: NUD
WORD COUNT: 1277

Carey, Rick
...TEXT: a new product with multi-manager appeal for new clients. That move has paid handsome **dividends** , as this product moves back into the top 25 after a long absence. Twenty-one...

2/3,K/6 (Item 6 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01167215 98-16610
Ireland: Peace dividend
Carey, Robert
Successful Meetings v45n2 PP: 131 Feb 1996
ISSN: 0148-4052 JRNL CODE: SMM
WORD COUNT: 521

Ireland: Peace dividend
Carey, Robert

2/3,K/7 (Item 7 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01075311 97-24705
The U.S. Chamber of Commerce
Carey, Robert
Successful Meetings v44n9 PP: 70 Aug 1995
ISSN: 0148-4052 JRNL CODE: SMM
WORD COUNT: 359

Carey, Robert
...TEXT: has 10 publications on how associations can enhance their bottom lines. The latest work, titled **Dividends** : How Associations Can Help Your Business, shows people how to get the most out of...

2/3,K/8 (Item 8 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

00833864 94-83256
The top 25 VAs had 80% of the market last year
Carey, Rick
National Underwriter (Life/Health/Financial Services) v98n11 PP: 3, 5+
Mar 14, 1994
ISSN: 0893-8202 JRNL CODE: NUD
WORD COUNT: 657

Carey, Rick
...TEXT: percent).

From a standpoint of investment performance, using the Standard & Poor's 500 Index with **dividends** reinvested as a benchmark, 1993 was only the third best performing of the past five...

2/3,K/9 (Item 1 from file: 16)
DIALOG(R)File 16:Gale Group PROMT(R)

05993756 Supplier Number: 53366248 (USE FORMAT 7 FOR FULLTEXT)
9-Month VA Sales Total $75.7 Billion.
CAREY, RICK
National Underwriter Life & Health-Financial Services Edition, p4(1)
Nov 30, 1998
Language: English Record Type: Fulltext
Document Type: Magazine/Journal; Trade
Word Count: 2826

CAREY, RICK
EVENT NAMES: 830 (Sales, profits & **dividends**)
?

```
? show files
File 123:CLAIMS(R)/Current Legal Status 1980-2003/Jun 17
          (c) 2003 IFI/CLAIMS
File 340:CLAIMS(R)/US Patent 1950-03/Jun 24
         (c) 2003 IFI/CLAIMS(R)
File 342:Derwent Patents Citation Indx 1978-01/200314
         (c) 2003 Thomson Derwent
File 344:Chinese Patents Abs Aug 1985-2003/Mar
         (c) 2003 European Patent Office
File 345:Inpadoc/Fam.& Legal Stat 1968-2003/UD=200324
         (c) 2003 EPO
File 347:JAPIO Oct 1976-2003/Feb(Updated 030603)
         (c) 2003 JPO & JAPIO
File 348:EUROPEAN PATENTS 1978-2003/Jun W03
         (c) 2003 European Patent Office
File 349:PCT FULLTEXT 1979-2002/UB=20030619,UT=20030612
         (c) 2003 WIPO/Univentio
File 351:Derwent WPI 1963-2003/UD,UM &UP=200340
         (c) 2003  Thomson Derwent
File 353:Ei EnCompassPat(TM) 1964-200325
         (c) 2003 Elsevier Eng. Info. Inc.
File 371:French Patents 1961-2002/BOPI 200209
         (c) 2002 INPI.  All rts. reserv.
File 447:IMS Patent Focus 2003/May
         (c) 2003 IMS Health & Affiliates
File 652:US Patents Fulltext 1971-1975
         (c) format only 2002 The Dialog Corp.
File 654:US PAT.FULL. 1976-2003/Jun 24
         (c) FORMAT ONLY 2003 THE DIALOG CORP.
File 670:LitAlert 1973-2002/UD=200324
         (c) 2003 Thomson Derwent
? ds

Set     Items   Description
S1          3   (SELECT? OR CHOOS? OR BUY? OR PURCHAS? OR INVESTING)(3N)(S-
                TOCK? ? OR PORTFOLIO? ? OR SECURITIES OR BONDS)(5N)(RATIO? OR
                FORMULA? OR FUNCTION)(5N)(BUYBACK? OR BUY()BACK?)
S2      25975   (GROUP? OR CLUSTER? OR CATEGORY? OR CLASS? OR SERIES OR PO-
                RTOLIO)(3N)(STOCK? ? OR SECURITIES OR BONDS)
S3          3   S1 AND S2
S4          3   S3 AND RANK?
? t4/3,k/all
```

4/3,K/1 (Item 1 from file: 340)
DIALOG(R)File 340:CLAIMS(R)/US Patent

3291826 4073422
E/COMPUTERIZED SYSTEM AND METHOD FOR CREATING A BUYBACK STOCK **INVESTMENT REPORT; Investment** portfolio **management software that uses** selection **criteria to automatically identify companies with the highest** buyback ratio **and the lowest price/sale** ratio , ranking **these** stocks **, generating a report; providing superior return over conventional investment techniques**
Inventors: Fried David R (US)
Assignee: Unassigned Or Assigned To Individual
Assignee Code: 68000

Kind	Publication Number	Date	Application Number	Date

A US 6035286 20000307 US 9830854 19980226
(Cited in 001 later patents)
Priority Applic: US 9830854 19980226

Calculated Expiration: 20180226

COMPUTERIZED SYSTEM AND METHOD FOR CREATING A BUYBACK STOCK **INVESTMENT REPORT^Investment** portfolio **management software that uses** selection **criteria to automatically identify companies with the highest** buyback ratio **and the lowest price/sale** ratio , ranking **these** stocks , **generating a report; providing superior return over conventional investment techniques**

Abstract: A computer implemented method for creating an investment report. A database of **stock** information is screened based upon **buyback ratio** and prices/sales **ratio selection** criteria. The **buyback ratio** represents the percentage of **stocks** repurchased by a company during a given period that resulted in a net decrease in outstanding shares. The method and system use the criteria to identify companies with a highest **buyback ratio** and with the lowest price/sale **ratio** . The resulting list of **stocks** are **ranked** and output in an investment report that provides superior return over conventional investment techniques.

Exemplary Claim: ...a request specifying a selection of stocks from a database of stock information; means for **selecting** criteria for screening the selection of stock, wherein the **selected** criteria consists of a **buyback ratio** and at least one of price/sales **ratio** and a price/earnings **ratio** for each stock, means for screening the **selection** of **stocks** including means for identifying the **stocks** from the specified **selection** having **buyback ratios** , wherein a **buyback ratio** corresponds to a percentage of issued **stock** repurchased from the public during a specified period and resulting in a decrease of shares outstanding, and means for identifying a price/sales **ratio** or price/earnings **ratio** in the **group** for each such **stock** of a subset of the **stocks** having **buyback ratios** , wherein the subset is determined based on the **buyback ratio** for each **stock** ; and means for **ranking stocks** within the subset based on the price/sales **ratio** or price/earnings **ratio** for each stock, wherein the stock having the lowest price/sales ratio or price/earnings ratio is **ranked** the highest.

Non-exemplary Claims: ...for creating a buyback investment report comprising the steps of: receiving a request specifying a **selection** of stocks from a database of stock information; selecting criteria for screening the selection of stock, wherein the **selected** criteria consists of a **buyback ratio** and at least one of price/sales **ratio** and a price/earnings **ratio** for each stock, screening the **selection** of **stocks** , the screening process including the substeps of identifying the **stocks** from the specified **selection** having **buyback ratios** , wherein a **buyback ratio** corresponds to a percentage of issued **stock** repurchased from the public during a specified period and resulting in a decrease of shares outstanding, and identifying a price/sales **ratio** or price/earnings **ratio** in the **group** for each such **stock** of a subset of the **stocks** having **buyback ratios** , wherein the subset is determined based on the **buyback ratio** for each **stock** ; and **ranking stocks** within the subset based on the price/sales **ratio** or price/earnings **ratio** for each stock, wherein the stock having the lowest price/sales ratio or price/earnings ratio is **ranked** the highest ...

...method of claim 1, further including the steps of generating an investment report comprising the **ranking** of stocks; and outputting the investment report...The system of claim 10, further including means for generating an investment report comprising the **ranking** of stocks; and means for outputting the investment report...

...receive a request specifying a selection of stocks from a database of stock information; a **selecting** module configured to select criteria for screening the selection of stock, wherein the **selected** criteria consists of a **buyback ratio** and at least one of price/sales ratio and a price/earnings **ratio** for each stock, a screening module configured to screen the **selection** of **stocks** including a first identifying module configured to identify the **stocks** from the specified **selection** having **buyback ratios** , wherein a **buyback ratio** corresponds to a percentage of issued **stock** repurchased from the public during a specified period and resulting in a decrease of shares outstanding, and a second identifying module configured to identify a price/sales **ratio** or price/earnings **ratio** in the **group** for each such **stock** of a subset of the **stocks** having **buyback ratios** , wherein the subset is determined based on the **buyback ratio** for each **stock** ; and a ranking module configured to **rank stocks** within the subset based on the price/sales **ratio** or price/earnings **ratio** for each stock, wherein the stock having the lowest price/sales ratio or price/earnings ratio is **ranked** the highest...

4/3,K/2 (Item 1 from file: 654)
DIALOG(R)File 654:US PAT.FULL.

0005069203 **IMAGE Available
Dynamic security price and value comparator and indexer
Inventor: Arthur Lipper, INV
Correspondence Address: Law Offices of Royal W. Craig, Suite 153 10 North Calvert Street, Baltimore, MD, 21202, US

	Publication Number	Kind	Date	Application Number	Filing Date
Main Patent	US 20020123952	A1	20020905	US 200110946	20011206
Provisional				US 60-251656	20001206

Fulltext Word Count: 5323

Summary of the Invention:
...6,035,286 to Fried shows a computer implemented method for screening a database of **stock** information based upon **buyback ratio** and prices/sales **ratio selection** criteria. The **buyback ratio** represents the percentage of **stocks** repurchased by a company during a given period that resulted in a net decrease in outstanding shares. The method and system use the criteria to identify companies with a highest **buyback ratio** and with the lowest price/sale **ratio** . The resulting list of **stocks** are **ranked** and output in an investment report... relative position of stocks and reducing the market impact of rebalancing on the Small Individual **Stock group** .

[

4/3,K/3 (Item 2 from file: 654)
DIALOG(R)File 654:US PAT.FULL.

4289264 **IMAGE Available
Derwent Accession: 2000-255796
Utility
REISSUE REQUESTED **See File 123 for details
E/ **Computerized system and method for creating a buyback stock investment report**
Inventor: Fried, David R., 3625 Surfwood Rd., Malibu, CA, 90265
Assignee: Unassigned
Unassigned Or Assigned To Individual (Code: 68000)
Examiner: Trammell, James P. (Art Unit: 274)
Assistant Examiner: Retta, Yehdega
Law Firm: Finnegan, Henderson, Farabow, Garrett & Dunner, L.L.P.

	Publication Number	Kind	Date	Application Number	Filing Date
Main Patent	US 6035286	A	20000307	US 9830854	19980226

Fulltext Word Count: 3465
Abstract:
A computer implemented method for creating an investment report. A database of **stock** information is screened based upon **buyback** **ratio** and prices/sales **ratio** **selection** criteria. The **buyback** **ratio** represents the percentage of **stocks** repurchased by a company during a given period that resulted in a net decrease in outstanding shares. The method and system use the criteria to identify companies with a highest buyback ratio and with the lowest price/sale **ratio** . The resulting list of **stocks** are **ranked** and output in an investment report that provides superior return over conventional investment techniques.

Summary of the Invention:
...There is, however, no single method that combines the performance of the price/sales **ratio** with the **buyback** theory to maximize the performance of a **stock** investment **portfolio** . In fact, many experts in the field discount the importance of **buyback**0 statistics, and those recognizing its potential have not thought to combine it with a company ...

...method should help investors develop a strategy that combines the benefits of the price/sales **ratio** value factor with the **stock** **buyback** theory...and information gathering techniques with a computer apparatus to determine those companies with the highest **stock** **buyback** percentage and lowest price/sales **ratio** .
...

...a buyback investment report. The method includes the steps of: receiving a request specifying a **selection** of stocks from a database of stock information; selecting criteria for screening the selection of stock, wherein the **selected** criteria consists of a **buyback** **ratio** and at least one of price/sales **ratio** and a price/earnings **ratio** for each stock, screening the **selection** of **stocks** the screening process including the substeps of identifying the **stocks** from the specified **selection** having **buyback** **ratios** , wherein a **buyback** **ratio** corresponds to a percentage of issued **stock** repurchased from the public during a specified period resulting in a decrease of shares outstanding,

and identifying a price/sales **ratio** or price/earnings in the **group** for each such **stock** of a subset of the **stocks** having **buyback ratios** , wherein the subset is determined based on the **buyback ratio** for each **stock** ; and **ranking stocks** within the subset based on the price/sales **ratio** or price/earnings for each stock, wherein the stock having the lowest price/sales ratio or price/earnings ratio is **ranked** the highest...

Description of the Invention:

...Initially, a user selects a **group** of **stocks** to search. This request is entered into system 100 by the user with keyboard 160...

...In the preferred embodiment, the **selection** criteria consists of a company's **buyback ratio** and either the price/sales **ratio** or the price/earnings **ratio** . The **buyback ratio** is the percentage of **stocks** repurchased by the issuing company over a given period that results in a net percentage...

...The selection criteria of the present invention has been empirically proven to outperform other **selection** criteria over the same time period. For example, testing has shown that the **buyback ratio** in conjunction with price/sales or price/earnings **ratio** criteria resulted in a **portfolio** with an annual return rate of 24.4 percentage points from Nov. 30, 1982 to...Next, the screened stocks are **ranked** to provide a listing satisfying the criteria input by the user (Step 240). Preferably, **ranking** is done to give the user a workable listing of stocks in an order best suited for evaluation and investment. In the preferred embodiment, the screened stocks are **ranked** from lowest to highest price/sales ratio or lowest to highest price/earnings ratio. Finally, the **ranking** of stocks are generated and output by system 100 in the form of an investment...

Exemplary or Independent Claim(s):

...means for **selecting** criteria for screening the **selection** of **stock** , wherein the **selected** criteria consists of a **buyback ratio** and at least one of price/sales ratio and a price/earnings ratio for each ...

...means for identifying the **stocks** from the specified **selection** having **buyback ratios** , wherein a **buyback ratio** corresponds to a percentage of issued **stock** repurchased from the public during a specified period and resulting in a decrease of shares...

...means for identifying a price/sales **ratio** or price/earnings **ratio** in the **group** for each such **stock** of a subset of the **stocks** having **buyback ratios** , wherein the subset is determined based on the **buyback ratio** for each **stock** ; and...

...means for **ranking** stocks within the subset based on the price/sales ratio or price/earnings ratio for...

...stock, wherein the stock having the lowest price/sales ratio or price/earnings ratio is **ranked** the highest.

Non-exemplary or Dependent Claim(s):

... **selecting** criteria for screening the **selection** of **stock** , wherein the **selected** criteria consists of a **buyback ratio** and at least one of price/sales ratio and a price/earnings ratio for each...

...identifying the **stocks** from the specified **selection** having **buyback ratios** , wherein a **buyback ratio** corresponds to a percentage of issued **stock** repurchased from the public during ...identifying a price/sales **ratio** or price/earnings **ratio** in the **group** for each such **stock** of a subset of the **stocks** having **buyback ratios** , wherein the subset is determined based on the **buyback ratio** for each **stock** ; and...

... **ranking** stocks within the subset based on the price/sales ratio or price/earnings ratio for...

...stock, wherein the stock having the lowest price/sales ratio or price/earnings ratio is **ranked** the highest...generating an investment report comprising the **ranking** of stocks; and ...means for generating an investment report comprising the **ranking** of stocks; and ...a **selecting** module configured to **select** criteria for screening the **selection** of **stock** , wherein the **selected** criteria consists of a **buyback ratio** and at least one of price/sales ratio and a price/earnings ratio for each...

...a first identifying module configured to identify the **stocks** from the specified **selection** having **buyback ratios** , wherein a **buyback ratio** corresponds to a percentage of issued **stock** repurchased from the public during a specified period and resulting in a decrease of sharesa second identifying module configured to identify a price/sales **ratio** or price/earnings **ratio** in the **group** for each such **stock** of a subset of the **stocks** having **buyback ratios** , wherein the subset is determined based on the **buyback ratio** for each **stock** ; and...

...a **ranking** module configured to **rank** stocks within the subset based on the price/sales ratio or price/earnings ratio for...

...stock, wherein the stock having the lowest price/sales ratio or price/earnings ratio is **ranked** the highest...

?

Search Report from Ginger R. DeMille

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? show files
File  13:BAMP 2003/Jun W1
         (c) 2003 Resp. DB Svcs.
File  75:TGG Management Contents(R) 86-2003/Jun W3
         (c) 2003 The Gale Group
? ds

Set      Items   Description
S1       53040   AUCTION OR MARKETPLACE? OR MARKET()PLACE? OR EMARKET? OR (E
                  OR DYNAMIC)()MARKET? OR AUCTIONING OR TRADING
S2      139573   BID OR BIDDING OR OFFER OR PRICE OR NAME()YOUR()PRICE OR B-
                 IDDER? ?
S3       12417   S2(6N)(HIGHEST OR HIGH OR HIGHER OR WINNING OR WINNER)
S4       30503   TELECOMMUNICATION? OR TELE()COMMUNICATIONS? OR TELE()COM OR
                  TELECOM OR (TELEPHONE OR TELE()PHONE OR CELLULAR OR CELL OR -
                 PHONE OR WIRELESS OR MCOMMERCE OR M()COMMERCE OR MOBILE)()(SE-
                 RVICE? ? OR ACCESS)
S5        3385   (IMMEDIATE OR AUTOMATIC? OR INSTANTANEOUS?)(3N)(CONNECT? OR
                  PROVIDE? OR PROVIDING OR START? OR BEGIN? OR LIVE? OR LINK?)
S6           0   S6 AND S8 AND S10
S7           0   S6 AND S9
S8           0   S10 AND S12
S9           0   S11 OR S13
S10          0   S12 NOT S14
S11          3   S1(S)S3(S)S5
S12         65   S1 AND S3 AND S5
S13         48   S3 AND S4 AND S5
S14        171   S3 AND S5
S15        118   S1 AND S2 AND S4 AND S5
S16        116   RD (unique items)
S17          0   S8 NOT PY>2000
S18          0   RD (unique items)
S19          3   S1(S)S3(S)S5
S20          1   S3(S)S4(S)S5
S21          7   S3(S)S5
S22          2   S1(S)S2(S)S4(S)S5
S23          1   S3(S)S4(S)S5
S24          7   S3(S)S5
S25          2   S1(S)S2(S)S4(S)S5
S26        273   S13 OR S14 OR S16:S17 OR S19
S27          1   S20 NOT PY>2000
S28          1   RD (unique items)
? t28/3,k/all
```

28/3,K/1 (Item 1 from file: 75)
DIALOG(R)File 75:TGG Management Contents(R)

00128957 SUPPLIER NUMBER: 06967948 (USE FORMAT 7 FOR FULL TEXT)
Second Annual Directory of Human Resources Services, Products and Suppliers, January 1989. (directory)
Personnel, v66, n1, pD1(167)
Jan, 1989
DOCUMENT TYPE: directory ISSN: 0031-5702 LANGUAGE: English
RECORD TYPE: Fulltext; Abstract
WORD COUNT: 120074 LINE COUNT: 14711

... health and chemical dependency
services, including Employee Assistance
Programs, Education and Training Seminars,
Toll-Free **Telephone Access** ,

Search Report from Ginger R. DeMille

Pre-admission Certification, Comprehensive
Care Management, Concurrent and
Retrospective Review, Benefits Design
Claims Eligibility, Claims...Scheduler, computerized
voice-response system for employee
scheduling and dispatching. System performs
the following tasks **automatically** :
schedule maintenance, attendance
accounting, report preparation, communications
with employees.
Dale Wilde, Executive Vice-President
Gordon...

?

Search Report from Ginger R. DeMille

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? show files
File 350:Derwent WPIX 1963-2003/UD,UM &UP=200340
         (c) 2003  Thomson Derwent
File 344:Chinese Patents Abs Aug 1985-2003/Mar
         (c) 2003 European Patent Office
File 347:JAPIO Oct 1976-2003/Feb(Updated 030603)
         (c) 2003 JPO & JAPIO
File 371:French Patents 1961-2002/BOPI 200209
         (c) 2002 INPI.  All rts. reserv.
? ds

Set     Items   Description
S1       2668   (SELECT? OR PICK? OR CHOOS? OR CLICK? OR IMPLEMENT? OR INV-
             EST? OR DECID? OR BUY? OR BOUGHT)(5N)(PORTFOLIO? OR PORT()FOL-
             IO? OR STOCK? ? OR BONDS OR SECURITIES)
S2         36   (INCOME OR DIVIDEND? ?)(3N)(YIELD? ? OR PROFIT?) OR DIVIDE-
             ND? ?()YIELD? ?
S3          0   (BUYBACK OR BUY()BACK)(3W)RATIO
S4          0   S1 AND S2 AND S3
S5          3   BUYBACK OR BUY()BACK
S6          0   S1 AND S2 AND S5
S7          0   S1 AND S5
?
```